

EXHIBIT B

PART III

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<p>1 BY MR. BESSETTE: 15:39:38</p> <p>2 Q. And just so I am clear, the 15:39:41</p> <p>3 ineffectiveness of the pricing policy is 15:39:43</p> <p>4 demonstrated by them offering a credit to combat 15:39:46</p> <p>5 gray marketing to the extent it existed in Canada? 15:39:50</p> <p>6 A. The ineffective pricing policy -- 15:39:53</p> <p>7 ineffective pricing policy can mean all sorts of 15:39:56</p> <p>8 things. Lowering profit margins can be one of 15:40:00</p> <p>9 those -- one of those -- can be -- let me back up. 15:40:05</p> <p>10 Lowering profit margins can be -- 15:40:09</p> <p>11 in the context in which a company relies on high 15:40:13</p> <p>12 retailer profit margins can be seen as an 15:40:16</p> <p>13 ineffective pricing policy, because the company 15:40:20</p> <p>14 would hope to have a higher profit margin, if it 15:40:20</p> <p>15 could offer one. And yes, the credit acted in 15:40:24</p> <p>16 similar ways. Ineffective in the sense that the 15:40:28</p> <p>17 company simply wasn't able to profit as much as it 15:40:32</p> <p>18 would be able to without the credit. 15:40:34</p> <p>19 Q. Okay. So I am clear, the ineffective 15:40:36</p> <p>20 pricing policy that Adams suffered from pre IPO was 15:40:40</p> <p>21 the credit program put in place through Mackenzie 15:40:44</p> <p>22 for those retailers who were suffering from gray 15:40:48</p> <p>23 marketing in Canada? That's the ineffective pricing 15:40:51</p> <p>24 policy? 15:40:55</p>	<p>1 MR. BESSETTE: Right. 15:42:15</p> <p>2 MR. COLLINS: Or does she have to go 15:42:15</p> <p>3 through more stuff that she has already said? 15:42:18</p> <p>4 BY MR. BESSETTE: 15:42:18</p> <p>5 Q. Just -- if that's what it is, tell me 15:42:18</p> <p>6 that's what it was. But what I want is a clean 15:42:20</p> <p>7 record. 15:42:21</p> <p>8 What is the evidence you have to 15:42:21</p> <p>9 say that the gray market problem that Adams Golf had 15:42:23</p> <p>10 at the time of the IPO had already begun to threaten 15:42:27</p> <p>11 its relationships with retailers? 15:42:30</p> <p>12 MR. COLLINS: Asked and answered. 15:42:32</p> <p>13 Go ahead. 15:42:32</p> <p>14 BY THE WITNESS: 15:42:32</p> <p>15 A. Yeah. We have talked about this. We 15:42:33</p> <p>16 have a body of things. We have the letters from WDC 15:42:34</p> <p>17 Mackenzie relating the communications or the effects 15:42:39</p> <p>18 that it saw on retailers in Canada. We have got the 15:42:45</p> <p>19 written communications between authorized retailers 15:42:48</p> <p>20 and the company. And then also what we have already 15:42:52</p> <p>21 talked about is conjecture on my part. 15:42:57</p> <p>22 BY MR. BESSETTE: 15:43:00</p> <p>23 Q. I just want evidence. I don't want 15:43:00</p> <p>24 speculation. 15:43:02</p>
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<p>1 A. That is one, yes. 15:40:55</p> <p>2 Q. What are the other ones, if any? 15:40:57</p> <p>3 A. I may be misrecalling it, but I 15:41:00</p> <p>4 believe that in addition to the credit that was 15:41:03</p> <p>5 offered, that there was also some conversation 15:41:06</p> <p>6 about -- either conversation or actual action taken 15:41:08</p> <p>7 to reduce the retailer profit margin in Canada 15:41:11</p> <p>8 before the IPO. 15:41:16</p> <p>9 Q. Reduce the retailer profit margin? 15:41:17</p> <p>10 A. Yes. 15:41:22</p> <p>11 Q. You think that's what happened? 15:41:22</p> <p>12 A. I just said I may be misrecalling. 15:41:24</p> <p>13 Q. And if it did happen, that would be an 15:41:26</p> <p>14 example of another ineffective pricing policy? 15:41:28</p> <p>15 A. Yes. In the context of the company's 15:41:32</p> <p>16 business strategy, yes. 15:41:34</p> <p>17 Q. And on Paragraph 18 of the report, you 15:41:35</p> <p>18 say, first sentence, the company had a gray market 15:41:57</p> <p>19 problem at the time of the IPO, which had already 15:42:08</p> <p>20 begun to threaten its relationships with retailers. 15:42:06</p> <p>21 So let's just take that piece. What evidence do you 15:42:10</p> <p>22 have to support that? 15:42:12</p> <p>23 MR. COLLINS: Beyond what she has 15:42:13</p> <p>24 mentioned today? 15:42:15</p>	<p>1 The evidence is, Mackenzie and the 15:43:03</p> <p>2 retailers from Canada. And then you said written 15:43:05</p> <p>3 communications between other retailers and Adams 15:43:09</p> <p>4 Golf? 15:43:11</p> <p>5 A. Communications between other retailers 15:43:11</p> <p>6 and Adams Golf, and we also got also -- let me just 15:43:14</p> <p>7 see what is here. You are asking me what evidence 15:43:18</p> <p>8 that there were deteriorated distributor 15:43:20</p> <p>9 relationships? 15:43:28</p> <p>10 Q. No. First sentence of Paragraph 18, I 15:43:29</p> <p>11 am asking for the evidence that supports your 15:43:32</p> <p>12 statement that -- 15:43:34</p> <p>13 A. It threatens its relationships with 15:43:34</p> <p>14 retailers? 15:43:36</p> <p>15 Q. Right. 15:43:37</p> <p>16 A. Yeah. In addition, there is also 15:43:38</p> <p>17 internal company memos that state with some degree 15:43:38</p> <p>18 of concern that the relationships with retailers are 15:43:42</p> <p>19 being harmed. 15:43:45</p> <p>20 Q. That's your recollection? 15:43:46</p> <p>21 A. Yes. 15:43:48</p> <p>22 Q. Okay. And then the last part of that 15:43:48</p> <p>23 sentence, because I think we have talked about 15:43:59</p> <p>24 profit margins, the perception in the marketplace. 15:44:01</p>

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<p>1 What is the evidence that you have to support the 15:44:04</p> <p>2 conclusion that at the time of the IPO, it was 15:44:06</p> <p>3 already a threat -- it had already begun to affect 15:44:10</p> <p>4 the perception in the marketplace? 15:44:14</p> <p>5 MR. COLLINS: Asked and answered. 15:44:16</p> <p>6 BY THE WITNESS: 15:44:19</p> <p>7 A. There I rely on the effects that the 15:44:24</p> <p>8 gray market has on brand name perception, which we 15:44:27</p> <p>9 have talked about. 15:44:31</p> <p>10 BY MR. BESSETTE: 15:44:34</p> <p>11 Q. Well, we have talked about the 15:44:34</p> <p>12 academic literature about it that you have read. 15:44:38</p> <p>13 What is the evidence that Adams Golf's perception in 15:44:42</p> <p>14 the marketplace had already begun to be affected by 15:44:45</p> <p>15 gray marketing at the time of the IPO? 15:44:49</p> <p>16 MR. COLLINS: Asked and answered. 15:44:51</p> <p>17 BY THE WITNESS: 15:44:52</p> <p>18 A. There are other pieces. I don't 15:44:52</p> <p>19 remember the exhibit number, there is a document -- 15:44:55</p> <p>20 an internal company memo, I believe, that says that 15:44:56</p> <p>21 Adams' goodwill in Canada stands to be severely 15:44:59</p> <p>22 affected as a result of the gray market. Goodwill I 15:45:04</p> <p>23 understand to be, especially for a company like 15:45:09</p> <p>24 Adams, which relies so much on one brand, goodwill 15:45:11</p>	<p>1 when a company is already experiencing some 15:46:17</p> <p>2 evidence -- there already is some evidence of 15:46:19</p> <p>3 degrading perception, degraded perception, then I 15:46:24</p> <p>4 think it is not a stretch to rely on the academic 15:46:30</p> <p>5 literature about what happens to companies -- to a 15:46:33</p> <p>6 company's perception in the marketplace as a result 15:46:37</p> <p>7 of gray marketing. 15:46:40</p> <p>8 Q. Was the Tight Lies brand harmed -- 15:46:41</p> <p>9 Strike that. 15:46:41</p> <p>10 Did the Tight Lies brand lose its 15:46:49</p> <p>11 esteem status at the time of the IPO, in your view? 15:46:52</p> <p>12 MR. COLLINS: Vague and ambiguous. 15:46:56</p> <p>13 BY THE WITNESS: 15:46:58</p> <p>14 A. It is my understanding from the 15:46:58</p> <p>15 documents I reviewed that at the time of the IPO, 15:47:00</p> <p>16 the Tight Lies brand was being affected, yes. 15:47:03</p> <p>17 BY MR. BESSETTE: 15:47:06</p> <p>18 Q. Well, that's a slightly different 15:47:06</p> <p>19 answer to the question. My question is -- let me 15:47:07</p> <p>20 rephrase it. 15:47:10</p> <p>21 Was the Tight Lies brand image 15:47:11</p> <p>22 harmed, in your expert opinion, at the time of the 15:47:14</p> <p>23 IPO? 15:47:17</p> <p>24 MR. COLLINS: Asked and answered. 15:47:18</p>
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<p>1 was directly connected to its perception. 15:45:15</p> <p>2 BY MR. BESSETTE: 15:45:18</p> <p>3 Q. So besides the Canadian thing, 15:45:18</p> <p>4 anything else, any evidence that you can point to to 15:45:23</p> <p>5 support that statement? 15:45:25</p> <p>6 A. The Canadian thing. And I know you 15:45:26</p> <p>7 are trying to discount the academic literature, but 15:45:30</p> <p>8 the academic literature is grounded in, and 15:45:30</p> <p>9 empirical research. 15:45:35</p> <p>10 Q. Well, any evidence that it affected 15:45:35</p> <p>11 Adams Golf? That the perception of Adams Golf, not 15:45:37</p> <p>12 that theoretically it could because the literature 15:45:41</p> <p>13 says it could. Is there evidence, besides the memo 15:45:45</p> <p>14 that you referred to, which I think is from Chris 15:45:49</p> <p>15 Beebe about the goodwill in Canada, is there any 15:45:52</p> <p>16 other evidence that you've seen in anything that 15:45:55</p> <p>17 you've reviewed to support the statement that Adams 15:45:56</p> <p>18 Golf's perception in the marketplace had already 15:45:59</p> <p>19 begun to be threatened at the time of the IPO? 15:46:02</p> <p>20 A. We have all the documents we have 15:46:02</p> <p>21 already discussed. In addition, and I am just going 15:46:05</p> <p>22 to say it again. There is, I think it is important 15:46:08</p> <p>23 to know what the trajectory of the gray market is, 15:46:11</p> <p>24 and to know the effects of the gray market. And so 15:46:14</p>	<p>1 BY THE WITNESS: 15:47:19</p> <p>2 A. If you think about it like an 15:47:20</p> <p>3 infection. If you think about the gray market like 15:47:22</p> <p>4 an infection. First, we have got Canada, right? 15:47:26</p> <p>5 And Canada, I think we have already sort of 15:47:28</p> <p>6 clarified, that in Canada there was already an 15:47:31</p> <p>7 acknowledged risk and harm to the goodwill that had 15:47:33</p> <p>8 been established in Canada. I think we already 15:47:40</p> <p>9 talked about that. 15:47:42</p> <p>10 In respect to the United States, I 15:47:43</p> <p>11 think if you think about the gray market like an 15:47:45</p> <p>12 infection, the gray market can infiltrate, can get 15:47:48</p> <p>13 in to a company. It can sort of latch on to a 15:47:51</p> <p>14 company. And then over time it starts to manifest 15:47:55</p> <p>15 its harms. So to the extent that -- so although 15:47:59</p> <p>16 those harms may not have been manifesting yet within 15:48:03</p> <p>17 the United States, I think the infection was already 15:48:08</p> <p>18 there, which is evidenced in, for example, the 15:48:10</p> <p>19 Costco documents that show that the gray market 15:48:12</p> <p>20 sales were occurring in the United States prior to 15:48:15</p> <p>21 the IPO. 15:48:17</p> <p>22 Q. All right. Professor -- 15:48:20</p> <p>23 MR. COLLINS: We have to stop this. 15:48:20</p> <p>24 15:48:20</p>

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<p>1 BY MR. BESSETTE: 15:48:20</p> <p>2 Q. Yeah. Because I don't think we are 15:48:22</p> <p>3 still clear here. Besides -- I mean, there is 15:48:23</p> <p>4 evidence that gray marketing was occurring, that 15:48:25</p> <p>5 Costco was selling clubs pre IPO. 15:48:29</p> <p>6 A. Correct. 15:48:29</p> <p>7 Q. Tell me the evidence that you have 15:48:33</p> <p>8 seen, not the literature, but the evidence that you 15:48:34</p> <p>9 have seen, that Adams Golf's Tight Lies brand, that 15:48:37</p> <p>10 image, was harmed at the time of IPO. 15:48:43</p> <p>11 MR. COLLINS: Asked and answered. 15:48:46</p> <p>12 BY THE WITNESS: 15:48:47</p> <p>13 A. Yeah. I think you are -- you are 15:48:49</p> <p>14 asking me the same question over and over again, and 15:48:49</p> <p>15 I will answer it over and over again.</p> <p>16 BY MR. BESSETTE:</p> <p>17 Q. Well, I am not getting the answer --</p> <p>18 MR. COLLINS: Well --</p> <p>19 BY MR. BESSETTE:</p> <p>20 Q. You are talking about -- the answer 15:48:53</p> <p>21 you gave me before was, yeah, we have talked about 15:48:55</p> <p>22 the sales and we have talked about the goodwill. 15:48:57</p> <p>23 What I am asking you, is that all your answer is? 15:48:59</p> <p>24 Because my question is, what is the evidence that 15:49:03</p>	<p>1 complaints because of the gray market, the gray 15:50:06</p> <p>2 market sales that were occurring in the United 15:50:09</p> <p>3 States. That's additional evidence. And then I'll 15:50:11</p> <p>4 just -- harking back to the academic literature, 15:50:15</p> <p>5 which I actually think is quite relevant. 15:50:21</p> <p>6 Q. So if I understand, returns of clubs 15:50:21</p> <p>7 is evidence to you that the brand image was 15:50:23</p> <p>8 suffering? 15:50:26</p> <p>9 A. It could be. 15:50:26</p> <p>10 Q. But was it? 15:50:27</p> <p>11 A. It could be. 15:50:28</p> <p>12 Q. So you don't know as you sit here? 15:50:29</p> <p>13 A. I don't know. 15:50:31</p> <p>14 Q. Okay. So how do you know that brand 15:50:32</p> <p>15 image was actually suffering at all at the time of 15:50:36</p> <p>16 the IPO, other than could be because the literature 15:50:39</p> <p>17 suggests it could, or because sales were going on? 15:50:43</p> <p>18 Can you sit here and tell me that you know or it is 15:50:47</p> <p>19 your opinion that, based on evidence, that the brand 15:50:49</p> <p>20 image was suffering at the time of the IPO? 15:50:52</p> <p>21 MR. COLLINS: Asked and answered. 15:50:55</p> <p>22 BY THE WITNESS: 15:50:56</p> <p>23 A. Okay. So we have got in Canada, we 15:50:59</p> <p>24 have got WDC Mackenzie complaining that their 15:51:02</p>
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<p>1 you have to support the conclusion that the brand 15:49:05</p> <p>2 image was harmed, and not just sales were happening, 15:49:07</p> <p>3 unless you are telling me that the brand image was 15:49:12</p> <p>4 automatically harmed because sales were happening at 15:49:14</p> <p>5 Costco. Is that what you are telling me? Maybe 15:49:18</p> <p>6 that is what you are telling me. 15:49:18</p> <p>7 A. No, that's not what I'm telling you. 15:49:20</p> <p>8 Q. Okay. So when did the brand image 15:49:21</p> <p>9 suffer, and was it harmed at the time of the IPO? 15:49:24</p> <p>10 A. So you are asking -- what I feel you 15:49:28</p> <p>11 are asking me for is a definitive date on which 15:49:31</p> <p>12 the -- 15:49:34</p> <p>13 Q. I don't need a date. What is your 15:49:34</p> <p>14 opinion? 15:49:36</p> <p>15 A. I can't give you that, because the 15:49:36</p> <p>16 gray market doesn't work that way. So -- but sort 15:49:39</p> <p>17 of sitting here and thinking about it, there is 15:49:44</p> <p>18 additional evidence. 15:49:47</p> <p>19 For example, we have clubs being 15:49:49</p> <p>20 returned. We have got retailers in the United 15:49:52</p> <p>21 States making complaints to Adams. Those complaints 15:49:54</p> <p>22 were partially because sales were -- sales were 15:49:56</p> <p>23 slowing, you have got consumers who were not buying 15:49:59</p> <p>24 out of the authorized retailers and were making 15:50:03</p>	<p>1 authorized retailers to whom its sold were 15:51:07</p> <p>2 complaining to it, presumably they were complaining 15:51:10</p> <p>3 for a reason. One of those reasons would be that 15:51:12</p> <p>4 they were not able to sell the Tight Lies through 15:51:15</p> <p>5 their retail stores. In addition, you have got 15:51:21</p> <p>6 documents internal to the company stating that the 15:51:25</p> <p>7 goodwill that it has built in Canada stands to be at 15:51:28</p> <p>8 deteriorated. We have got complaints from 15:51:35</p> <p>9 authorized retailers in the United States 15:51:36</p> <p>10 complaining to the company that gray market sales 15:51:39</p> <p>11 are going on. And then you have got the academic 15:51:42</p> <p>12 literature about how the gray market functions. 15:51:45</p> <p>13 MR. COLLINS: We have to stop. 15:51:48</p> <p>14 BY MR. BESSETTE: 15:51:48</p> <p>15 Q. But just to be clear, all of that -- 15:51:49</p> <p>16 MR. COLLINS: One more question and we 15:51:49</p> <p>17 have to stop. 15:51:49</p> <p>18 BY MR. BESSETTE: 15:51:49</p> <p>19 Q. -- that you have said is your support 15:51:51</p> <p>20 for the fact that the brand image was suffering. 15:51:54</p> <p>21 Can you tell me whether all of that means, in your 15:51:58</p> <p>22 opinion, that the brand image was suffering at the 15:52:01</p> <p>23 time of the IPO? 15:52:04</p> <p>24 MR. COLLINS: Yes or no. We have to 15:52:06</p>

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<p>1 stop. 15:52:08</p> <p>2 BY THE WITNESS: 15:52:08</p> <p>3 A. Yes. Yes. 15:52:09</p> <p>4 (Break taken.) 16:05:40</p> <p>5 BY MR. BESSETTE: 16:05:40</p> <p>6 Q. To sort of pick up where we left off, 16:06:47</p> <p>7 Professor, on the brand image of the Tight Lies 16:06:51</p> <p>8 losing some of the status that it had, and I know 16:06:54</p> <p>9 you have articulated the reasons why you believe 16:06:58</p> <p>10 that to be the case at the time of the IPO. And I 16:07:01</p> <p>11 guess I probably should have been clearer in the 16:07:12</p> <p>12 questions. The brand image that I am talking about 16:07:15</p> <p>13 is from the point of view of the consumer. So I 16:07:20</p> <p>14 don't know if that changes anything in your 16:07:25</p> <p>15 response. I mean, I think you were giving me the 16:07:27</p> <p>16 rationale for why you think the brand image of the 16:07:30</p> <p>17 Tight Lies had suffered at the time of the IPO, 16:07:33</p> <p>18 because retailers were complaining and Mackenzie was 16:07:38</p> <p>19 complaining and Beebe made a comment or a statement 16:07:41</p> <p>20 about the possibility of losing the goodwill in 16:07:45</p> <p>21 Canada, and all the other reasons, I am not trying 16:07:48</p> <p>22 to limit them, but all the other reasons you 16:07:49</p> <p>23 mentioned. Do those still -- are those still the 16:07:51</p> <p>24 bases in your evidence for why you think the brand 16:07:54</p>	<p>1 that don't tend to suffer, those that require 16:09:11</p> <p>2 technological innovation tend to suffer more than 16:09:14</p> <p>3 those that don't. For example. That would be one 16:09:23</p> <p>4 example of a division. 16:09:25</p> <p>5 Q. So a product that -- I am sorry, what 16:09:26</p> <p>6 you say? 16:09:29</p> <p>7 A. Requires technological innovation. 16:09:29</p> <p>8 Q. -- requires technological innovation. 16:09:34</p> <p>9 If it is a prestigious brand product and it requires 16:09:34</p> <p>10 technological innovation, it's more likely to suffer 16:09:39</p> <p>11 brand image if it's in a Costco selling at reduced 16:09:41</p> <p>12 prices than a different product that doesn't require 16:09:42</p> <p>13 technological innovation? 16:09:45</p> <p>14 A. More likely, yes. 16:09:46</p> <p>15 Q. And that's based on academic 16:09:47</p> <p>16 literature? 16:09:51</p> <p>17 A. Yes. 16:09:52</p> <p>18 Q. So does it matter what the product is? 16:09:52</p> <p>19 So like, for example, Nike. Nike is a brand, 16:10:05</p> <p>20 prestigious brand image, but it sells a lot of 16:10:10</p> <p>21 different products. Is Nike not a prestigious brand 16:10:14</p> <p>22 image in your view? 16:10:19</p> <p>23 A. I don't know if it is or not. 16:10:20</p> <p>24 Q. How about Callaway for golf clubs, is 16:10:22</p>
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<p>1 image at the time of the IPO suffered in the eyes of 16:07:57</p> <p>2 the consumer? 16:08:01</p> <p>3 A. Yes. 16:08:02</p> <p>4 Q. Did the brand image in the eyes of the 16:08:02</p> <p>5 consumer for the Tight Lies suffer because it could 16:08:06</p> <p>6 be purchased at Costco at reduced prices? 16:08:09</p> <p>7 A. Yes. 16:08:13</p> <p>8 Q. Is it your view that any product that 16:08:14</p> <p>9 has a prestigious brand image, Nike or whatever it 16:08:18</p> <p>10 might be, if it appears in Costco at reduced prices, 16:08:24</p> <p>11 its brand image suffers? 16:08:29</p> <p>12 A. Not any, no. Sorry. Let me be more 16:08:31</p> <p>13 clear in my answer. Not every product will 16:08:33</p> <p>14 suffer -- not every product's brand image will 16:08:36</p> <p>15 suffer as a result of appearing in a discount retail 16:08:40</p> <p>16 outlet. 16:08:44</p> <p>17 Q. Are there any guidelines or standards 16:08:44</p> <p>18 or anything you can point to to sort of say when one 16:08:47</p> <p>19 prestigious product, its brand image will suffer 16:08:52</p> <p>20 when it's in Costco at reduced prices and another 16:08:56</p> <p>21 won't? 16:09:00</p> <p>22 A. Yes. There is some literature that 16:09:01</p> <p>23 points to the types of products that suffer in that 16:09:03</p> <p>24 respect and those that may not suffer as much or 16:09:07</p>	<p>1 that a prestigious brand? 16:10:31</p> <p>2 A. Yes, I believe so. 16:10:33</p> <p>3 Q. Do you know whether they are in 16:10:34</p> <p>4 Costcos? 16:10:36</p> <p>5 A. I don't know whether they are in 16:10:37</p> <p>6 Costcos right now. 16:10:38</p> <p>7 Q. You know they were in 1998, because 16:10:38</p> <p>8 you have got the press releases as part of your 16:10:40</p> <p>9 study. 16:10:43</p> <p>10 A. I know that they were -- I don't know 16:10:43</p> <p>11 whether they were in Costcos. I know that they were 16:10:43</p> <p>12 being gray marketed. I know that they made a 16:10:46</p> <p>13 disclosure about their gray market activity. 16:10:50</p> <p>14 Q. Did Callaway's brand image suffer as a 16:10:50</p> <p>15 result of its clubs being gray marketed in 1998? 16:10:55</p> <p>16 MR. COLLINS: Outside the scope. 16:11:00</p> <p>17 BY THE WITNESS: 16:11:00</p> <p>18 A. I didn't study that. 16:11:01</p> <p>19 BY MR. BESSETTE: 16:11:01</p> <p>20 Q. How about TaylorMade? 16:11:02</p> <p>21 MR. COLLINS: Outside the scope. 16:11:02</p> <p>22 BY THE WITNESS: 16:11:02</p> <p>23 A. I didn't study that. 16:11:04</p> <p>24 16:11:04</p>

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<p>1 BY MR. BESSETTE: 16:11:05</p> <p>2 Q. So as you sit here, you don't know if 16:11:05</p> <p>3 any of the other golf manufacturers that had clubs 16:11:08</p> <p>4 that people would classify as prestigious brands and 16:11:11</p> <p>5 they were appearing in Costcos, whether their brand 16:11:14</p> <p>6 image suffered? You didn't look at that as part of 16:11:17</p> <p>7 your work in this case? 16:11:21</p> <p>8 A. I didn't study that. 16:11:22</p> <p>9 Q. Okay. And you don't know 16:11:23</p> <p>10 independently from this case, just based on your 16:11:24</p> <p>11 expertise in the gray marketing field for golf 16:11:28</p> <p>12 industry, is that right? 16:11:29</p> <p>13 MR. COLLINS: Outside the scope. 16:11:31</p> <p>14 Go ahead. 16:11:31</p> <p>15 BY THE WITNESS:</p> <p>16 A. Can you ask the question again? I'm</p> <p>17 not sure I got the question.</p> <p>18 MR. BESSETTE: Can you repeat it,</p> <p>19 please?</p> <p>20 THE WITNESS: And I don't know -- 16:11:38</p> <p>21 MR. COLLINS: Paul, it's quicker if 16:11:38</p> <p>22 you just restate it. 16:11:39</p> <p>23 MR. BESSETTE: It would be better, I 16:11:39</p> <p>24 think, if she repeats it. 16:11:39</p>	<p>1 A. Actually, if I could -- before I do 16:14:23</p> <p>2 that, if I could just -- harking back a little bit 16:14:25</p> <p>3 to some of the questioning about the brand image. 16:14:29</p> <p>4 There is another piece that I had forgotten about. 16:14:31</p> <p>5 In the company's prospectus, there 16:14:35</p> <p>6 is also a statement in there -- I am not going to 16:14:39</p> <p>7 get the quote exactly right, but it refers to the 16:14:40</p> <p>8 reasons that the company limits its retail 16:14:41</p> <p>9 distribution to authorized distributors as -- one of 16:14:44</p> <p>10 the reasons for that is to maintain the brand's high 16:14:47</p> <p>11 profile or high prestige profile or something like 16:14:53</p> <p>12 that. So that would also inform that conclusion. 16:14:56</p> <p>13 Q. Inform what conclusion? 16:14:59</p> <p>14 A. The conclusion that the gray market 16:15:00</p> <p>15 had the effects of degrading the company's brand 16:15:02</p> <p>16 image. 16:15:05</p> <p>17 Q. To be precise, do you mean to say that 16:15:06</p> <p>18 it could or you know for a fact it did? 16:15:09</p> <p>19 A. The company had taken -- had taken the 16:15:11</p> <p>20 time to strategize about how it was going to 16:15:15</p> <p>21 distribute its product. It decided that in order to 16:15:19</p> <p>22 maintain the high profile that its products had, it 16:15:21</p> <p>23 would limit its retail distribution. And 16:15:25</p> <p>24 presumably, the company was careful in making that 16:15:29</p>
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<p>1 (Record read.) 16:11:52</p> <p>2 BY MR. BESSETTE: 16:11:52</p> <p>3 Q. You don't know independent from your 16:11:53</p> <p>4 work in this case whether any of the other golf club 16:11:56</p> <p>5 manufacturers that have prestigious brands that had 16:12:01</p> <p>6 gray marketing activity whether their brand 16:12:04</p> <p>7 suffered? 16:12:08</p> <p>8 MR. COLLINS: Outside the scope. 16:12:08</p> <p>9 Go ahead. 16:12:09</p> <p>10 BY THE WITNESS: 16:12:10</p> <p>11 A. Yeah. I am just harking back to the 16:12:11</p> <p>12 materials that I present in my international 16:12:13</p> <p>13 business transactions class. It is possible that in 16:12:15</p> <p>14 that literature there was material talking about 16:12:18</p> <p>15 Callaway's -- the negative effects that Callaway 16:12:22</p> <p>16 suffered, but I am not positive. 16:12:26</p> <p>17 BY MR. BESSETTE: 16:12:28</p> <p>18 Q. So as you sit here, you don't know 16:12:28</p> <p>19 whether Callaway or any other golf manufacture? 16:12:31</p> <p>20 A. I don't recall. 16:12:33</p> <p>21 Q. Let me hand you what has been marked 16:12:34</p> <p>22 as -- a two-page document that has been marked as 16:13:35</p> <p>23 Exhibit 51, and have you turn to Paragraph 16 of 16:13:57</p> <p>24 your rebuttal. 16:14:20</p>	<p>1 analysis. When the retail distribution was expanded 16:15:31</p> <p>2 to include big box retailers like Costco, 16:15:39</p> <p>3 presumably, that had the effects -- that had the 16:15:44</p> <p>4 effects that the company was trying to avoid. It 16:15:51</p> <p>5 had deleterious effects on the company's brand 16:15:55</p> <p>6 image. 16:15:58</p> <p>7 Q. Professor, excuse me. Aren't you just 16:15:59</p> <p>8 speculating? Aren't you just telling me that 16:16:02</p> <p>9 because the company said we don't want to sell to 16:16:04</p> <p>10 big box stores -- in order to preserve our brand 16:16:07</p> <p>11 image, we are not going to sell here, and because 16:16:10</p> <p>12 they showed up there, you are saying me to me, 16:16:13</p> <p>13 without any evidence that I can see, that it 16:16:16</p> <p>14 effected its brand image because it showed up where 16:16:19</p> <p>15 the company didn't want it to show up. 16:16:23</p> <p>16 A. If you take the prospectus in 16:16:25</p> <p>17 isolation, and I made that conclusion taking into 16:16:25</p> <p>18 account only the prospectus, that would be highly 16:16:28</p> <p>19 speculative. However, if you include all of the 16:16:30</p> <p>20 other documentation that I saw, and that we have 16:16:33</p> <p>21 already discussed, I just wanted to pointed out that 16:16:35</p> <p>22 that also informed my conclusion. 16:16:40</p> <p>23 Q. So does it make it less speculative 16:16:42</p> <p>24 for the other reasons? In other words, isn't that 16:16:45</p>

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1 still a speculative reason that you are just piling 16:16:46	1 whether -- what it is in this document that supports 16:19:37
2 on with the other evidence that you told me about? 16:16:50	2 her contentions in Paragraph 16. 16:19:41
3 MR. COLLINS: Asked and answered. 16:16:54	3 MR. BESSETTE: I could do it that way, 16:19:43
4 BY THE WITNESS: 16:16:54	4 Todd, but I prefer not to. 16:19:46
5 A. No. 16:16:56	5 MR. COLLINS: Thank you for your 16:19:47
6 BY MR. BESSETTE: 16:16:56	6 consideration. 16:19:49
7 Q. No? 16:16:56	7 So what's the question? 16:19:50
8 A. No. 16:16:56	8 BY MR. BESSETTE: 16:19:52
9 Q. So what evidence, again, do you have, 16:16:57	9 Q. Do you need it re-read to you? 16:19:53
10 okay. I mean, let me ask you: Do you have any 16:16:59	10 A. If you can restate it, that would be 16:19:53
11 other evidence, other than what you have told me, 16:17:00	11 great. 16:19:53
12 that the brand image of Adams Golf Tight Lies 16:17:02	12 (Record read.) 16:19:53
13 suffered because it was in Costco? 16:17:07	13 BY THE WITNESS: 16:19:53
14 A. No. 16:17:09	14 A. Am I drawing the conclusion that Chris 16:20:12
15 Q. All right. Exhibit 51. You say in 16:17:09	15 Beebe was talking about double shipments and 16:20:14
16 Paragraph 16 -- 16:17:35	16 consignments in this document. I am not drawing 16:20:16
17 MR. COLLINS: Rebuttal? 16:17:38	17 that conclusion, no. 16:20:20
18 MR. BESSETTE: Rebuttal. 16:17:39	18 BY MR. BESSETTE: 16:20:22
19 BY MR. BESSETTE: 16:17:41	19 Q. But you cite it as support for your 16:20:27
20 Q. Let's just start with the bottom of 16:17:42	20 proposition stated in your paragraph? 16:20:31
21 page 8, going over to page 9. Actually, no. Let's 16:17:46	21 A. Yes, that's correct. 16:20:33
22 read the whole thing. "The gray marketing risks 16:17:54	22 Q. Why do you do that? 16:20:33
23 that Adams faced were unlike those faced by the golf 16:17:56	23 A. Because one of the ways in which 16:20:35
24 industry as a whole, not only because of the reasons 16:18:01	24 retailers could get too many clubs would be through 16:20:39
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1 stated previously herein, such as the comparatively 16:18:03	1 double shipments. 16:20:44
2 high profit margins enjoyed by Adams' retailers, 16:18:06	2 Q. Theoretically I don't disagree. 16:20:45
3 because also because Adams' retailers were, in some 16:18:11	3 Was Chris Beebe saying that there 16:20:48
4 cases, receiving twice the number of clubs they had 16:18:12	4 were double shipments or consignment sales that got 16:20:51
5 ordered as a result of double shipping and/or 16:18:14	5 excess clubs into the hands of retailers? 16:20:55
6 receiving shipments on consignment." And then you 16:18:18	6 MR. COLLINS: Asked and answered, 16:20:59
7 cite various documents. Exhibit 51 is one of those. 16:18:21	7 document speaks for itself. She just answered that. 16:21:01
8 And in 51 Chris Beebe says, 16:18:29	8 BY THE WITNESS: 16:21:01
9 "Retailers with too many clubs will cut prices or 16:18:29	9 A. I didn't use this document to support 16:21:02
10 ship to others in order to relieve the pressures of 16:18:34	10 the assertion there were double shipments. I used 16:21:03
11 excess stock," which is I think the quote that you 16:18:36	11 this document to illustrate the effects it could 16:21:03
12 have further down in Paragraph 16. 16:18:39	12 have on the company. 16:21:08
13 A. Right. 16:18:41	13 BY MR. BESSETTE: 16:21:09
14 Q. Chris Beebe wasn't talking about 16:18:41	14 Q. Which documents, then, did you use to 16:21:09
15 double shipments for consignment sales. Are you 16:18:47	15 support -- well, actually, strike that. 16:21:09
16 drawing the conclusion that he was in this document? 16:18:51	16 Are you making the assertion that 16:21:13
17 A. Let me just read that portion of the 16:18:54	17 double shipments or consignment sales occurred? 16:21:15
18 document. 16:18:57	18 A. Yes. 16:21:18
19 MR. COLLINS: You know, I have been 16:19:18	19 Q. What is your proof? 16:21:18
20 practically an angel. Can I just make a suggestion 16:19:21	20 A. I cited documents that I looked to in 16:21:19
21 and cut through this? Why don't you, in this 16:19:24	21 support of that statement. 16:21:24
22 instance and in other instances, at least consider, 16:19:27	22 Q. Are those the ones you cite here? 16:21:25
23 and I know you have your own good competent ways. 16:19:30	23 A. Yes. 16:21:27
24 Why don't you consider asking Professor Ochoa 16:19:33	24 Q. Exhibit 57, I think we have looked at. 16:21:27

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<p>1 Oh, maybe we haven't. Let me hand you what has been 16:21:32</p> <p>2 marked Exhibit 57, which you cite in Paragraph 16 of 16:22:01</p> <p>3 your report. This is one of the documents, I take 16:22:04</p> <p>4 it, that you are using to support your assertion 16:22:06</p> <p>5 that double shipments occurred? 16:22:09</p> <p>6 A. I cited it, yes. Let me read the 16:22:13</p> <p>7 document. Specifically point C of the document. 16:22:42</p> <p>8 Q. I am sorry, what? Oh, point C. 16:22:46</p> <p>9 Did you read Barney Adams' 16:22:47</p> <p>10 testimony about this document, Professor? 16:22:50</p> <p>11 A. I believe I did. 16:22:52</p> <p>12 Q. Where he indicated that there were no 16:22:53</p> <p>13 double shipments, he was characterizing this as a 16:22:56</p> <p>14 shoot first ask questions later guilty until proven 16:22:59</p> <p>15 innocent type thing? Did you take that into account 16:23:07</p> <p>16 in your thought process? 16:23:08</p> <p>17 MR. COLLINS: You mean his statements, 16:23:08</p> <p>18 not his indication? 16:23:10</p> <p>19 BY THE WITNESS: 16:23:11</p> <p>20 A. I took it into account, yes. 16:23:11</p> <p>21 BY MR. BESSETTE: 16:23:15</p> <p>22 Q. And disregarded it? 16:23:15</p> <p>23 A. I wouldn't say disregarded it, no. 16:23:17</p> <p>24 Q. So your proof that double shipments 16:23:19</p>	<p>1 Exhibit 51 doesn't show that, that's not really what 16:25:15</p> <p>2 we talked about. We talked about specifically one 16:25:18</p> <p>3 line in the document. 16:25:21</p> <p>4 Q. Is there anything in Exhibit 51 that 16:25:23</p> <p>5 proves double shipping occurred to you? 16:25:26</p> <p>6 A. If I read the whole document, I will 16:25:27</p> <p>7 let you know. 16:25:30</p> <p>8 Q. Okay. Please do. 16:25:31</p> <p>9 MR. COLLINS: While she is reading, 16:25:46</p> <p>10 why don't you ask her whether she has any support 16:25:48</p> <p>11 for that paragraph other than what she cites. 16:25:52</p> <p>12 MR. BESSETTE: I might get there at 16:25:52</p> <p>13 the end. 16:25:52</p> <p>14 MR. COLLINS: We can all get out of 16:25:55</p> <p>15 here quicker, that's all. 16:25:58</p> <p>16 MR. BESSETTE: Todd, I must not know 16:26:00</p> <p>17 what you know. 16:26:03</p> <p>18 BY MR. BESSETTE: 16:26:28</p> <p>19 Q. Is there anything there? 16:26:29</p> <p>20 A. No. 16:26:30</p> <p>21 Q. So do you know why you cited it? 16:26:30</p> <p>22 A. Because I knew that I would be citing 16:26:33</p> <p>23 it lower in the paragraph. 16:26:37</p> <p>24 Q. Okay. So, again, to sort of cut 16:26:38</p>
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<p>1 occurred is Exhibit 57? 16:23:22</p> <p>2 A. Among other things. 16:23:24</p> <p>3 Q. Okay. Not Exhibit 51. How about 16:23:26</p> <p>4 Exhibit 186? 16:23:29</p> <p>5 A. Exhibit 186? 16:23:36</p> <p>6 Q. 186. Let me do this. 186 I believe 16:24:13</p> <p>7 is the Greaney personnel file. 16:24:16</p> <p>8 A. Uh-huh. 16:24:21</p> <p>9 Q. Did you read the deposition of 16:24:22</p> <p>10 Mr. Greaney where he denies doing any double 16:24:24</p> <p>11 shipments? 16:24:27</p> <p>12 A. I read parts of his deposition, yes. 16:24:27</p> <p>13 Q. So besides a reference by Mr. Adams 16:24:29</p> <p>14 here about the concept of double shipping, and his 16:24:35</p> <p>15 statement that he knows it occurs, and his testimony 16:24:38</p> <p>16 under oath that it hadn't happened, and 16:24:41</p> <p>17 Mr. Greaney's file where he denies under oath, and 16:24:44</p> <p>18 there are allegations that he did double ship. And 16:24:49</p> <p>19 we've already determined 51 is not a cause and 16:24:53</p> <p>20 effect on double shipping. And then you also cite 16:24:56</p> <p>21 here a Golf Pro article that one golf pro shop 16:25:01</p> <p>22 received? 16:25:08</p> <p>23 A. Actually, I just want to state that 16:25:08</p> <p>24 when you are sort of saying the entire document 16:25:12</p>	<p>1 through some of this, everything you have cited 16:26:43</p> <p>2 either talks about double shipping generally and 16:26:46</p> <p>3 deposition testimony refutes that -- so, I mean, my 16:26:50</p> <p>4 point is, whether -- yeah. There is nothing 16:26:54</p> <p>5 specific on amounts or places other than one or two 16:26:56</p> <p>6 retailers that you've cited in this Golf Pro 16:27:00</p> <p>7 article. So tell me how you draw from the evidence 16:27:04</p> <p>8 you have cited that there were material amounts of 16:27:06</p> <p>9 double shipments occurring that would put in the 16:27:09</p> <p>10 hand of retailers quantities of clubs that they 16:27:12</p> <p>11 could then sell to Costco? 16:27:17</p> <p>12 MR. COLLINS: Objection to the 16:27:18</p> <p>13 rambling testimony that preceded the question. 16:27:20</p> <p>14 Go ahead. 16:27:23</p> <p>15 BY THE WITNESS: 16:27:23</p> <p>16 A. Do you have the Brewer deposition 16:27:24</p> <p>17 testimony? 16:27:28</p> <p>18 BY MR. BESSETTE: 16:27:30</p> <p>19 Q. I don't think I have it here, but you 16:27:30</p> <p>20 think something comes out of there? 16:27:35</p> <p>21 A. I wouldn't have cited those pages if 16:27:36</p> <p>22 not. 16:27:36</p> <p>23 Q. Okay. I looked at those pages, and I 16:27:36</p> <p>24 can tell you that Mr. Brewer says what he says, but 16:27:37</p>

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<p>1 he does say that there were no specific double 16:27:41</p> <p>2 shipment issues with Jay, there were allegations of 16:27:44</p> <p>3 it. But even if there were, we have got Jay 16:27:47</p> <p>4 Greaney's personnel file where there are allegations 16:27:53</p> <p>5 of several shipments. But my larger question is, at 16:27:57</p> <p>6 most what we see from the evidence is allegations or 16:28:00</p> <p>7 each if some occurred, isolated examples of double 16:28:03</p> <p>8 shipping or extra shipments, whatever you want to 16:28:08</p> <p>9 call it. Where is the material amounts of double 16:28:10</p> <p>10 shipping, where is the evidence of that, for you to 16:28:13</p> <p>11 draw the conclusion that there must have been enough 16:28:16</p> <p>12 out there in the hands of retailers from double 16:28:19</p> <p>13 shipping and consignment sales that allowed them to 16:28:23</p> <p>14 sell to Costco and perpetuate the gray market? 16:28:27</p> <p>15 MR. COLLINS: Are you asking about 16:28:29</p> <p>16 some paragraph -- have you read this paragraph 16:28:29</p> <p>17 carefully? What particular portion of the paragraph 16:28:31</p> <p>18 are you asking her the basis for? I mean, the basis 16:28:33</p> <p>19 for the paragraph is cited in the paragraph. You 16:28:38</p> <p>20 can ask her, as I mentioned, whether there is any 16:28:41</p> <p>21 other basis. If you have got something in 16:28:43</p> <p>22 particular -- 16:28:46</p> <p>23 MR. BESSETTE: Can I have an answer to 16:28:46</p> <p>24 that question, please? And this will be quicker. 16:28:48</p>	<p>1 not have given rise to the entirety of Adams Golf's 16:29:42</p> <p>2 gray market problem if there were only five or ten 16:29:42</p> <p>3 clubs sold into the gray market, no. 16:29:48</p> <p>4 Q. Okay. So let me just cut through it. 16:29:49</p> <p>5 Your statement, I guess three from the bottom. 16:29:52</p> <p>6 "Double shipments and consignments put into the 16:29:56</p> <p>7 hands of retailers a certain quantity of clubs that 16:29:59</p> <p>8 they might not have been able to sell for their own 16:30:04</p> <p>9 customers of standard retail prices." Speculation 16:30:06</p> <p>10 because you say "might not." So you don't have any 16:30:07</p> <p>11 direct knowledge, is that right? 16:30:11</p> <p>12 A. It is not speculation to say that 16:30:12</p> <p>13 double shipments and consignment would put into the 16:30:15</p> <p>14 hands of retailers a certain quantity of clubs. 16:30:19</p> <p>15 That's not speculation. 16:30:19</p> <p>16 Q. But that's based on the evidence you 16:30:21</p> <p>17 cite above, right? 16:30:21</p> <p>18 MR. COLLINS: Excuse me. Let her 16:30:21</p> <p>19 finish. 16:30:21</p> <p>20 BY MR. BESSETTE: 16:30:21</p> <p>21 Q. Just to be clear? 16:30:24</p> <p>22 MR. COLLINS: Let her finish. 16:30:25</p> <p>23 Go ahead. 16:30:25</p> <p>24 16:30:25</p>
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<p>1 MR. COLLINS: Unanswerable. 16:28:51</p> <p>2 BY THE WITNESS: 16:28:52</p> <p>3 A. What I state in the paragraph is that 16:28:53</p> <p>4 there were at least some cases of -- 16:28:53</p> <p>5 MR. COLLINS: I'm sorry. Vague and 16:28:55</p> <p>6 ambiguous, repetitive, unintelligible, asked and 16:28:56</p> <p>7 answered. 16:28:56</p> <p>8 Go ahead. 16:29:01</p> <p>9 BY THE WITNESS: 16:29:02</p> <p>10 A. What I state in this paragraph is that 16:29:03</p> <p>11 there were -- that in some cases, Adams' retailers 16:29:05</p> <p>12 were receiving twice the number of clubs they had 16:29:07</p> <p>13 ordered. And what you asked me about was whether 16:29:10</p> <p>14 there was some material amount. You could imagine 16:29:13</p> <p>15 one case of double shipment that could have given 16:29:16</p> <p>16 rise to Adams Golf's entire gray market problem, if 16:29:20</p> <p>17 it was big enough. 16:29:20</p> <p>18 BY MR. BESSETTE: 16:29:28</p> <p>19 Q. Right. But that's speculation, right? 16:29:28</p> <p>20 A. That is, yeah. 16:29:29</p> <p>21 Q. And we could have one or two examples 16:29:30</p> <p>22 that involves five clubs and ten clubs, and would 16:29:33</p> <p>23 that have given rise to the gray market problem? 16:29:37</p> <p>24 A. The double shipment itself alone would 16:29:39</p>	<p>1 BY THE WITNESS: 16:30:25</p> <p>2 A. That they might not have been able to 16:30:30</p> <p>3 sell to their own customers? It would be 16:30:32</p> <p>4 speculation whether they might have been able to 16:30:34</p> <p>5 sell to their own customers if they held on to them 16:30:36</p> <p>6 long enough. I don't know whether they -- they 16:30:38</p> <p>7 might have or might not have been able to sell them 16:30:40</p> <p>8 on to their own customers if they held on to those 16:30:42</p> <p>9 clubs long enough. 16:30:45</p> <p>10 BY MR. BESSETTE: 16:30:46</p> <p>11 Q. You don't know as you sit here what 16:30:46</p> <p>12 number, if any, of clubs got in the hands of 16:30:46</p> <p>13 retailers through double shipping or consignment 16:30:46</p> <p>14 sales, do you, Professor? 16:30:52</p> <p>15 A. That's correct. 16:30:52</p> <p>16 Q. And you don't know what number of 16:30:53</p> <p>17 clubs, if any, that retailers, assuming they got 16:30:56</p> <p>18 them through double shipments or consignment sales, 16:31:01</p> <p>19 sold them to Costco? 16:31:05</p> <p>20 A. That's correct. 16:31:07</p> <p>21 Q. And your statement here that "This 16:31:07</p> <p>22 provided a pool of clubs potentially available for 16:31:10</p> <p>23 the gray market," again, we don't know how big this 16:31:12</p> <p>24 pool is, you have no direct evidence whatsoever that 16:31:16</p>

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<p>1 there was a pool, or whether any of these clubs were 16:31:19</p> <p>2 sold to Costco. 16:31:22</p> <p>3 MR. COLLINS: Compound, asked and 16:31:25</p> <p>4 answered. 16:31:25</p> <p>5 Go ahead. 16:31:27</p> <p>6 BY THE WITNESS: 16:31:28</p> <p>7 A. Correct. 16:31:28</p> <p>8 BY MR. BESSETTE: 16:31:29</p> <p>9 Q. Okay. In 15 of your report, second 16:31:44</p> <p>10 sentence, when you get there. "The gray market 16:32:01</p> <p>11 distribution occurred both in the United States and 16:32:08</p> <p>12 in Canada when the company's golf clubs appeared in 16:32:09</p> <p>13 Costco stores throughout both countries." I'm 16:32:13</p> <p>14 sorry. Initial report. Is that where you are? 16:32:16</p> <p>15 A. I am in the initial report, the second 16:32:18</p> <p>16 sentence of 15, "The gray market distribution 16:32:21</p> <p>17 occurred," okay. 16:32:26</p> <p>18 Q. Yeah. "When the company's golf clubs 16:32:26</p> <p>19 appeared in Costco stores throughout both countries 16:32:28</p> <p>20 and in other unauthorized stores." What do you mean 16:32:33</p> <p>21 by other unauthorized stores? 16:32:36</p> <p>22 A. There is some evidence that there was 16:32:36</p> <p>23 gray marketing occurring in some parts of the 16:32:39</p> <p>24 country through stores other than Costco. 16:32:43</p>	<p>1 at the Costco documents that you reviewed for this 16:34:15</p> <p>2 litigation? 16:34:19</p> <p>3 A. Yes. 16:34:19</p> <p>4 Q. That information wasn't available to 16:34:20</p> <p>5 Adams Golf at the time of the IPO, was it? 16:34:23</p> <p>6 MR. COLLINS: Foundation, speculation. 16:34:27</p> <p>7 BY THE WITNESS: 16:34:27</p> <p>8 A. Can you restate the question, please? 16:34:30</p> <p>9 BY MR. BESSETTE: 16:34:30</p> <p>10 Q. Yes. The evidence you just cited as 16:34:30</p> <p>11 the reason for why the purchase of 8,400 clubs 16:34:32</p> <p>12 indicated to you that sales were likely to continue 16:34:36</p> <p>13 or intensify was because they only actually sold 16:34:39</p> <p>14 half of what they purchased. My question is, that 16:34:44</p> <p>15 information was not available to Adams Golf at the 16:34:48</p> <p>16 time of the IPO, was it? 16:34:52</p> <p>17 MR. COLLINS: Same objection. 16:34:55</p> <p>18 BY THE WITNESS: 16:34:56</p> <p>19 A. Those numbers were not available to 16:34:57</p> <p>20 the company at the time of the FPO. What was 16:34:57</p> <p>21 available was a view of the trend of gray marketing 16:34:58</p> <p>22 that the company was experiencing prior to the IPO. 16:35:03</p> <p>23 BY MR. BESSETTE: 16:35:03</p> <p>24 Q. And what information did the company 16:35:03</p>
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<p>1 Q. What is that evidence? 16:32:45</p> <p>2 A. I don't recall at the moment. 16:32:46</p> <p>3 Q. What other stores? 16:32:47</p> <p>4 A. I don't recall at the moment. 16:32:48</p> <p>5 Q. Did you document that in your report 16:32:51</p> <p>6 anywhere? 16:32:55</p> <p>7 A. I don't believe I cited it, no. I 16:32:55</p> <p>8 didn't cite it here. I don't remember if I cited it 16:32:58</p> <p>9 anywhere else. 16:32:59</p> <p>10 Q. Let me ask you, further down in that 16:33:00</p> <p>11 paragraph, actually on the next page, page 6, still 16:33:31</p> <p>12 in that paragraph, I guess it is in Item 4. "Costco 16:33:34</p> <p>13 records indicate that at the time of the IPO, Costco 16:33:41</p> <p>14 had purchased over 8,400 clubs, indicating that gray 16:33:44</p> <p>15 market sales were likely to continue or intensify." 16:33:50</p> <p>16 What about the purchase of 8,400 clubs leads you to 16:33:54</p> <p>17 the conclusion that gray market sales were likely to 16:33:58</p> <p>18 continue or intensify? 16:33:59</p> <p>19 A. Costco had sold less than half of that 16:33:59</p> <p>20 number at the time of the IPO. Costco continued to 16:34:02</p> <p>21 hold the remainder of those clubs, and that would 16:34:06</p> <p>22 indicate that they intended to sell them, indicating 16:34:08</p> <p>23 that the gray market sales were likely to continue. 16:34:11</p> <p>24 Q. And that's for the benefit of looking 16:34:13</p>	<p>1 have available to it on the trend? 16:35:06</p> <p>2 MR. COLLINS: Asked and answered. 16:35:08</p> <p>3 BY THE WITNESS: 16:35:09</p> <p>4 A. What it had available to it was 16:35:09</p> <p>5 reports from -- every one who received reports about 16:35:12</p> <p>6 it prior to the IPO, so retailers, authorized 16:35:16</p> <p>7 retailers, distributors, and from seeing the clubs 16:35:18</p> <p>8 in stores from sending -- I believe they were 16:35:23</p> <p>9 sending out the regional account coordinators, I 16:35:27</p> <p>10 think they were called, into their regions to see 16:35:31</p> <p>11 whether the clubs were available in Costco stores. 16:35:33</p> <p>12 There were a number of places and sources of 16:35:36</p> <p>13 information the company was using in order to try to 16:35:38</p> <p>14 determine its gray market problem. 16:35:40</p> <p>15 BY MR. BESSETTE: 16:35:43</p> <p>16 Q. And are you aware of evidence showing 16:35:43</p> <p>17 that sometime in April that the supply of Adams Golf 16:35:45</p> <p>18 Tight Lies in Canada had sold through? Do you 16:35:48</p> <p>19 remember seeing any evidence to that effect? 16:35:51</p> <p>20 A. Say that again? Sorry. 16:35:53</p> <p>21 MR. BESSETTE: Can you repeat that, 16:35:53</p> <p>22 please? 16:35:53</p> <p>23 (Record read.) 16:36:07</p> <p>24 MR. COLLINS: The document speaks for 16:36:07</p>

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<p>1 itself. 16:36:09</p> <p>2 Go ahead. 16:36:09</p> <p>3 BY THE WITNESS: 16:36:10</p> <p>4 A. I believe there was a document that 16:36:10</p> <p>5 talks about the first shipment having sold through 16:36:12</p> <p>6 or anticipating the first shipment would sell 16:36:14</p> <p>7 through. 16:36:17</p> <p>8 BY MR. BESSETTE: 16:36:17</p> <p>9 Q. So what evidence are you relying on to 16:36:17</p> <p>10 say that the trend -- that Adams Golf should have 16:36:21</p> <p>11 been aware that sales through Costco were likely to 16:36:24</p> <p>12 continue or intensify after April 1998? 16:36:28</p> <p>13 MR. COLLINS: Asked and answered. 16:36:31</p> <p>14 BY THE WITNESS: 16:36:32</p> <p>15 A. The frequency with which complaints 16:36:33</p> <p>16 were being made was increasing. After that first 16:36:35</p> <p>17 shipment was made, the company was also aware that 16:36:38</p> <p>18 there were additional shipments made to Costco. 16:36:41</p> <p>19 BY MR. BESSETTE: 16:36:44</p> <p>20 Q. And is there any evidence that Adams 16:36:44</p> <p>21 Golf knew what numbers, how much Costco had 16:36:50</p> <p>22 purchased? 16:36:54</p> <p>23 A. The company was trying to determine 16:36:54</p> <p>24 those numbers and was unable to. 16:36:56</p>	<p>1 the magazine is talking about forward -- things that 16:38:25</p> <p>2 are happening in the future that happened in July. 16:38:28</p> <p>3 So things that are happening in the future that 16:38:32</p> <p>4 happened at the end of July. So if it was published 16:38:35</p> <p>5 after August 1st, you would assume that would be in 16:38:38</p> <p>6 the past rather than the future, right? The end of 16:38:41</p> <p>7 July was in the past relative to August 1st. 16:38:43</p> <p>8 Q. I don't understand that. 16:38:46</p> <p>9 A. Okay. There are references, and I 16:38:48</p> <p>10 don't remember the exact references I would have to 16:38:50</p> <p>11 read the magazine again. There are references -- my 16:38:52</p> <p>12 recollection is that there are references to things 16:38:55</p> <p>13 that are happening at the tail end of July as if 16:38:59</p> <p>14 those things were happening in the future. 16:39:03</p> <p>15 Presumably the end of July, well, not presumably, 16:39:08</p> <p>16 the end of July is before the beginning of August. 16:39:13</p> <p>17 So if the magazine wasn't published until the 16:39:15</p> <p>18 beginning of August, those things that happened at 16:39:18</p> <p>19 the end of July would have, in fact, been in the 16:39:22</p> <p>20 past, not the future. 16:39:23</p> <p>21 Q. Well, what if the author was 16:39:23</p> <p>22 writing -- it takes a while to write an article, 16:39:25</p> <p>23 does it not? 16:39:27</p> <p>24 A. Yes. 16:39:28</p>
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<p>1 Q. Paragraph 21D, and actually there are 16:36:59</p> <p>2 several places in this report and your rebuttal, 16:37:14</p> <p>3 where you reference the Golf Pro magazine? 16:37:25</p> <p>4 A. Yes. 16:37:29</p> <p>5 Q. Which has a publish date of August 1, 16:37:29</p> <p>6 1998. And you say continuously in various places in 16:37:32</p> <p>7 your report, which was apparently available in the 16:37:37</p> <p>8 middle of July. So just tell me what you base that 16:37:39</p> <p>9 on? 16:37:42</p> <p>10 A. I base that on my lay knowledge of how 16:37:42</p> <p>11 it is that magazines are published. So magazines, 16:37:45</p> <p>12 if you go to a stand in July, in the middle of July, 16:37:50</p> <p>13 you will see a number of magazines that are dated 16:37:54</p> <p>14 August 1st or August or just August plainly. 16:37:56</p> <p>15 Q. So no proof? 16:38:00</p> <p>16 A. It is a common practice -- my 16:38:01</p> <p>17 perception is that it is a common practice in the 16:38:03</p> <p>18 magazine publishing industry. 16:38:07</p> <p>19 Q. Any proof? 16:38:09</p> <p>20 A. No. 16:38:10</p> <p>21 Q. Just an assumption? 16:38:10</p> <p>22 A. Well, no. I mean, in addition to 16:38:12</p> <p>23 that, there is also, in reading the magazine, there 16:38:13</p> <p>24 is some -- when you read that magazine, you see that 16:38:22</p>	<p>1 Q. I am just trying to understand why 16:39:28</p> <p>2 that leads you to the conclusion that it was 16:39:31</p> <p>3 published sometime in the middle of July? 16:39:36</p> <p>4 A. The writer would know when its article 16:39:38</p> <p>5 was going to be published and would write taking 16:39:42</p> <p>6 that into consideration. 16:39:46</p> <p>7 Q. I see. Any other reasons why? 16:39:47</p> <p>8 A. No. 16:39:49</p> <p>9 Q. 21E, first sentence. "Consumer and 16:39:49</p> <p>10 investor knowledge of gray marketing likely 16:40:05</p> <p>11 increased in tandem with the increase of Adams Golf 16:40:08</p> <p>12 clubs available and/or sold through gray market 16:40:12</p> <p>13 channels." Did you do any analysis to lead you to 16:40:16</p> <p>14 that conclusion? Well, actually, is that a 16:40:23</p> <p>15 conclusion or speculation? 16:40:26</p> <p>16 A. The word "likely" I think speaks for 16:40:28</p> <p>17 itself. 16:40:30</p> <p>18 Q. Just for the record, what is it? 16:40:31</p> <p>19 A. It is speculative. 16:40:39</p> <p>20 MR. COLLINS: Is there a question 16:40:41</p> <p>21 pending or is that it? 16:40:43</p> <p>22 MR. BESSETTE: No. That's -- I think 16:40:44</p> <p>23 that answers that one. 16:40:46</p> <p>24</p>

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<p>1 BY MR. BESSETTE: 16:40:47</p> <p>2 Q. 28B. 16:40:49</p> <p>3 A. Can I actually just come back to 21E 16:40:59</p> <p>4 for a second? 16:41:02</p> <p>5 Q. Sure. 16:41:03</p> <p>6 A. I just want to take a second to read 16:41:03</p> <p>7 that paragraph to make sure I gave you a full 16:41:07</p> <p>8 answer. There is a little bit more that went into 16:41:09</p> <p>9 that statement. I can tell you what that was. 16:41:45</p> <p>10 Q. Sure. 16:41:47</p> <p>11 A. There was some documents, again, I am 16:41:48</p> <p>12 not going to remember exactly which exhibits they 16:41:53</p> <p>13 were, that talked about the nature of the golf 16:41:56</p> <p>14 industry and the rapidity with which information 16:41:59</p> <p>15 spreads within the golf industry. And that would 16:42:04</p> <p>16 inform my statement that consumer investor knowledge 16:42:06</p> <p>17 would increase, together with the availability of 16:42:10</p> <p>18 Adams' clubs in Costcos. Right, so -- 16:42:14</p> <p>19 Q. But you have no proof of that 16:42:18</p> <p>20 statement to back it up? 16:42:20</p> <p>21 A. Correct. 16:42:21</p> <p>22 Q. You are making an assumption based on 16:42:22</p> <p>23 something else you read? 16:42:24</p> <p>24 A. Correct. 16:42:25</p>	<p>1 plus sales were nonetheless included in the 16:43:52</p> <p>2 company's total sales volume figures as presented to 16:43:56</p> <p>3 potential investors." Good point. 16:43:56</p> <p>4 Let me ask you, as presented to 16:43:58</p> <p>5 potential investors where and when? 16:44:02</p> <p>6 A. In the prospectus. 16:44:04</p> <p>7 Q. Are there any sales numbers for the 16:44:05</p> <p>8 second quarter of 1998 in the prospectus? 16:44:09</p> <p>9 A. Let me look at the prospectus again. 16:44:12</p> <p>10 MR. COLLINS: Can I cut this short? 16:44:14</p> <p>11 MR. BESSETTE: Yeah. 16:44:14</p> <p>12 MR. COLLINS: We can stipulate that 16:44:15</p> <p>13 the second quarter numbers are not in the 16:44:16</p> <p>14 prospectus. 16:44:18</p> <p>15 MR. BESSETTE: Okay. 16:44:18</p> <p>16 THE WITNESS: Great. 16:44:18</p> <p>17 MR. COLLINS: And Professor Ochoa is 16:44:19</p> <p>18 not offering -- 16:44:21</p> <p>19 THE WITNESS: You're right. 16:44:21</p> <p>20 MR. COLLINS: -- is not offering an 16:44:22</p> <p>21 opinion on the second quarter financial statements. 16:44:25</p> <p>22 MR. BESSETTE: That's fine. That 16:44:30</p> <p>23 statement is then wrong for the record. That 16:44:32</p> <p>24 statement is incorrect. 16:44:40</p>
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<p>1 Q. 28B, last sentence. You are talking 16:42:26</p> <p>2 about the 8,400 clubs that Costco had purchased pre 16:42:34</p> <p>3 IPO. 16:42:59</p> <p>4 A. I'm sorry, 28B? I was in the wrong 16:42:59</p> <p>5 place. 16:42:59</p> <p>6 Q. 28B, page 18. 16:42:59</p> <p>7 A. Yeah. 16:42:59</p> <p>8 Q. You can read that paragraph. You talk 16:43:00</p> <p>9 about the clubs. And you say in the last sentence, 16:43:02</p> <p>10 "These 8,400 plus sales were nonetheless included in 16:43:03</p> <p>11 the company's total sales volume figures as 16:43:08</p> <p>12 presented to potential investors." Now, how do you 16:43:11</p> <p>13 know that? 16:43:15</p> <p>14 A. Because the company sold those clubs, 16:43:15</p> <p>15 I would assume that they had an accurate accounting 16:43:30</p> <p>16 of the clubs they sold. 16:43:32</p> <p>17 Q. Is it your understanding that the 16:43:33</p> <p>18 company presented its Q2 numbers to potential 16:43:36</p> <p>19 investors? 16:43:41</p> <p>20 MR. COLLINS: Could you make that more 16:43:41</p> <p>21 crisp, please? You mean in the IPO? In the IPO 16:43:45</p> <p>22 prospectus? 16:43:48</p> <p>23 MR. BESSETTE: Anywhere. 16:43:49</p> <p>24 Q. I mean, you say here, "These 8,400 16:43:50</p>	<p>1 MR. COLLINS: I think we have a 16:44:47</p> <p>2 disconnect. 16:44:48</p> <p>3 BY MR. BESSETTE: 16:44:49</p> <p>4 Q. If that statement is not incorrect, 16:44:49</p> <p>5 tell me where and when second quarter sales numbers 16:44:51</p> <p>6 were presented to potential investors? 16:44:56</p> <p>7 MR. COLLINS: If you know, please 16:45:01</p> <p>8 answer. 16:45:03</p> <p>9 BY THE WITNESS: 16:45:03</p> <p>10 A. I don't know. 16:45:05</p> <p>11 BY MR. BESSETTE: 16:45:07</p> <p>12 Q. So you put this statement in here 16:45:08</p> <p>13 without any evidence or knowledge? 16:45:10</p> <p>14 MR. COLLINS: About -- 16:45:13</p> <p>15 BY THE WITNESS: 16:45:13</p> <p>16 A. About what? 16:45:14</p> <p>17 BY MR. BESSETTE: 16:45:14</p> <p>18 Q. About what you say here. 16:45:16</p> <p>19 A. I guess if you can give me a full 16:45:17</p> <p>20 question, that would be great. 16:45:22</p> <p>21 Q. Okay. How about tell me what your 16:45:24</p> <p>22 basis is for saying that 8,400 clubs sold to Costco 16:45:24</p> <p>23 in the second quarter were reflected in the numbers 16:45:28</p> <p>24 of the company as presented to potential investors? 16:45:31</p>

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<p>1 MR. COLLINS: Asked and answered. 16:45:36</p> <p>2 BY THE WITNESS: 16:45:37</p> <p>3 A. I don't know. 16:45:37</p> <p>4 BY MR. BESSETTE: 16:45:38</p> <p>5 Q. Is that statement correct? 16:45:38</p> <p>6 A. I believe at least some portion of 16:45:40</p> <p>7 that statement is correct. 16:45:43</p> <p>8 Q. Based on what? 16:45:44</p> <p>9 MR. COLLINS: Asked and answered. 16:45:46</p> <p>10 BY THE WITNESS: 16:45:46</p> <p>11 A. Not all of the 8,400 clubs were sold 16:45:47</p> <p>12 in the second quarter. 16:45:50</p> <p>13 BY MR. BESSETTE: 16:45:52</p> <p>14 Q. Well, you say in this paragraph that 16:45:53</p> <p>15 it was. Second sentence. "In all, Costco purchased 16:45:54</p> <p>16 in excess of 8,400 Adams Golf clubs in the second 16:45:59</p> <p>17 quarter prior to the IPO." 16:46:03</p> <p>18 A. Sorry. I will retract that last 16:46:05</p> <p>19 statement. 16:46:08</p> <p>20 Q. I mean, the truth is, you don't know, 16:46:08</p> <p>21 right? Whether the second quarter numbers presented 16:46:10</p> <p>22 to investors or whether they were presented to 16:46:13</p> <p>23 investors? 16:46:17</p> <p>24 MR. COLLINS: Ever, is that the 16:46:18</p>	<p>1 statement, Professor? 16:47:01</p> <p>2 MR. COLLINS: Asked and answered. Do 16:47:02</p> <p>3 you have anything to add? 16:47:03</p> <p>4 BY THE WITNESS: 16:47:03</p> <p>5 A. If you look at the middle of the 16:47:03</p> <p>6 paragraph, it says, "The company repeatedly stated 16:47:06</p> <p>7 before and after the initial public offering," and 16:47:12</p> <p>8 there I was considering at the time after the 16:47:15</p> <p>9 initial public offering, and the company did make 16:47:17</p> <p>10 disclosure to its investors after its initial public 16:47:17</p> <p>11 offering about that quarter. 16:47:22</p> <p>12 BY MR. BESSETTE: 16:47:22</p> <p>13 Q. Okay. So the basis for this statement 16:47:22</p> <p>14 is presumably it is quarterly filing for the second 16:47:24</p> <p>15 quarter that sometime after the IPO reflected Q2 16:47:28</p> <p>16 numbers? 16:47:32</p> <p>17 A. Yes. 16:47:32</p> <p>18 Q. Is that what you had in mind at the 16:47:33</p> <p>19 time you wrote this? 16:47:35</p> <p>20 A. I don't remember exactly right now. 16:47:36</p> <p>21 Q. Your rebuttal report, please. 16:47:40</p> <p>22 Paragraph 9, page 5, the first part of it, second 16:48:08</p> <p>23 sentence. "Information about Adams was rapidly 16:48:32</p> <p>24 spread throughout the market." Tell me what your 16:48:37</p>
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<p>1 question? 16:46:19</p> <p>2 BY MR. BESSETTE: 16:46:19</p> <p>3 Q. Potential investors before the IPO? 16:46:20</p> <p>4 MR. COLLINS: Oh, okay. 16:46:20</p> <p>5 BY THE WITNESS: 16:46:23</p> <p>6 A. That's right. 16:46:23</p> <p>7 MR. COLLINS: Just for the record, I 16:46:28</p> <p>8 haven't read the whole paragraph, but I don't think 16:46:30</p> <p>9 anywhere this says that that was presented to 16:46:32</p> <p>10 potential investors in the prospectus before the 16:46:32</p> <p>11 IPO. 16:46:32</p> <p>12 MR. BESSETTE: Well, I actually asked 16:46:38</p> <p>13 how was it presented to potential investors. The 16:46:39</p> <p>14 one answer you gave me was the prospectus. 16:46:41</p> <p>15 BY MR. BESSETTE: 16:46:41</p> <p>16 Q. Is there another one? 16:46:42</p> <p>17 A. Yes. I made a mistake. 16:46:42</p> <p>18 Q. Okay. What is the other basis for 16:46:43</p> <p>19 saying it was presented to potential investors? 16:46:45</p> <p>20 MR. COLLINS: Asked and answered. Do 16:46:49</p> <p>21 you have anything to add to what you said before? 16:46:56</p> <p>22 THE WITNESS: I don't. No. 16:46:58</p> <p>23 BY MR. BESSETTE: 16:46:58</p> <p>24 Q. So is there any basis for that 16:46:59</p>	<p>1 evidence is for that statement, please. 16:48:40</p> <p>2 A. Let me read the paragraph, just one 16:48:42</p> <p>3 second. There was at least one document which I 16:48:44</p> <p>4 read in which the nature of the golf industry in 16:49:32</p> <p>5 relation to information was discussed, and it was 16:49:36</p> <p>6 discussed in a way that made it clear that within 16:49:38</p> <p>7 the golf industry information about companies and 16:49:42</p> <p>8 innovations spreads rapidly. 16:49:46</p> <p>9 Q. Do you know what document that is? 16:49:50</p> <p>10 A. I don't remember right now. 16:49:51</p> <p>11 Q. Not something we have touched on 16:49:52</p> <p>12 today? 16:49:55</p> <p>13 A. I don't believe so, no. I don't 16:49:55</p> <p>14 remember right now. 16:49:58</p> <p>15 Q. Is that your belief as you sit here 16:49:58</p> <p>16 today? 16:50:05</p> <p>17 A. Yes. 16:50:05</p> <p>18 Q. And do you have evidence that it 16:50:05</p> <p>19 actually -- that information about Adams was spread 16:50:08</p> <p>20 rapidly throughout the market? 16:50:12</p> <p>21 MR. COLLINS: Apart from what she just 16:50:14</p> <p>22 testified to? 16:50:16</p> <p>23 BY MR. BESSETTE: 16:50:16</p> <p>24 Q. Well, I think what you said was that 16:50:17</p>

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<p>1 you read something that in the golf industry 16:50:18</p> <p>2 information does spread. What I am asking about is, 16:50:20</p> <p>3 do you have evidence that information about Adams 16:50:22</p> <p>4 reached the market quickly? 16:50:25</p> <p>5 A. Not specific information. 16:50:27</p> <p>6 Q. Paragraph 13, staying with the 16:50:36</p> <p>7 rebuttal. Now, 13 is a long one, well, fairly long, 16:50:38</p> <p>8 talking about pricing policies before and after the 16:50:47</p> <p>9 IPO. And it is essentially talking about the 16:50:50</p> <p>10 erosion of retail or profit margins, where, again, 16:50:54</p> <p>11 you cite Eddie Tate, making quotes and stuff. And 16:50:58</p> <p>12 then you say, "In this highly competitive 16:51:04</p> <p>13 environment, it was possible or likely that sales of 16:51:07</p> <p>14 Adams Golf clubs would decline as soon as a 16:51:10</p> <p>15 competitor, such as Orlimar, offered a higher profit 16:51:13</p> <p>16 margin or the possibility of profit sharing, thus 16:51:17</p> <p>17 causing the competitor to gain favor with 16:51:17</p> <p>18 retailers." You cite the Wall Street report. 16:51:20</p> <p>19 A. It should have been Web Street report. 16:51:23</p> <p>20 Q. You're right. I'm sorry. The Web 16:51:26</p> <p>21 Street. 16:51:26</p> <p>22 And so the whole paragraph is 16:51:27</p> <p>23 dealing with eroding margins and competition. And 16:51:29</p> <p>24 essentially you state the competition -- the 16:51:35</p>	<p>1 A. Yeah. 17:26:50</p> <p>2 MR. COLLINS: Do you want to get to 17:26:51</p> <p>3 the proper page? 17:26:52</p> <p>4 THE WITNESS: Yeah. I am almost 17:27:04</p> <p>5 there. 17:27:06</p> <p>6 BY MR. BESSETTE: 17:27:06</p> <p>7 Q. Paragraph 21, first sentence. 17:27:49</p> <p>8 "According to the Grace report, at the time of the 17:27:52</p> <p>9 IPO only 2 percent of total sales occurred through 17:27:55</p> <p>10 Costco stores." To your understanding, is that a 17:27:59</p> <p>11 true statement? 17:28:04</p> <p>12 MR. COLLINS: Vague and ambiguous. 17:28:06</p> <p>13 BY THE WITNESS: 17:28:09</p> <p>14 A. My understanding is that that 17:28:09</p> <p>15 statement is true. The statement that I wrote is 17:28:11</p> <p>16 true as I wrote it. 17:28:12</p> <p>17 BY MR. BESSETTE: 17:28:13</p> <p>18 Q. Okay. And what did you understand -- 17:28:14</p> <p>19 the 2 percent of total sales occurred through Costco 17:28:17</p> <p>20 stores, what do you understand that to mean? 17:28:21</p> <p>21 A. What I understand that to mean is that 17:28:25</p> <p>22 2 percent -- exactly what it says. That 2 percent 17:28:29</p> <p>23 of the company's total sales, there was a figure 17:28:32</p> <p>24 that was company's total sales. 2 percent of that 17:28:37</p>
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<p>1 competition could cause Adams Golf's sales to 16:51:38</p> <p>2 decline and margins to erode. Now, you are aware 16:51:42</p> <p>3 that Adams Golf warned of those specific risks in 16:51:46</p> <p>4 the prospectus? 16:51:49</p> <p>5 MR. COLLINS: Excuse me. The 16:51:49</p> <p>6 paragraph speaks for itself. 16:51:50</p> <p>7 Go ahead. 16:51:52</p> <p>8 Vague and ambiguous as well. 16:51:53</p> <p>9 BY MR. BESSETTE: 16:51:56</p> <p>10 Q. Let me ask you this: You are aware, 16:51:57</p> <p>11 are you not, Professor, that Adams Golf warned in 16:52:00</p> <p>12 its prospectus that it could suffer, because of 16:52:03</p> <p>13 competition, and that margins and prices for its 16:52:09</p> <p>14 products might decline? 16:52:14</p> <p>15 A. Yes. 16:52:16</p> <p>16 (Break taken.) 17:25:08</p> <p>17 BY MR. BESSETTE: 17:25:11</p> <p>18 Q. All right. Professor, staying on the 17:25:45</p> <p>19 rebuttal, moving on I believe to Paragraph 21. In 17:25:49</p> <p>20 connection with that, as you get there, you see you 17:25:55</p> <p>21 cited Exhibit 74 and 98. So I have put those both 17:25:57</p> <p>22 right here. Do you have Exhibit 21 -- I am sorry 17:26:01</p> <p>23 Paragraph 21, Paragraph 21 of your rebuttal 17:26:45</p> <p>24 Exhibit 304? 17:26:49</p>	<p>1 was through Costco stores. 17:28:40</p> <p>2 Q. And that 2 percent is the 8,400, not 17:28:42</p> <p>3 the 3,915. Do you understand that? 17:28:46</p> <p>4 A. I am trying to do the math in my head 17:28:48</p> <p>5 right now, which I simply can't do. 17:28:55</p> <p>6 MR. COLLINS: It is late. I am sure 17:28:56</p> <p>7 the two sides can stipulate to that. 17:28:59</p> <p>8 MR. BESSETTE: Yeah. 17:29:02</p> <p>9 BY MR. BESSETTE: 17:29:02</p> <p>10 Q. I will represent to you that the 8,400 17:29:02</p> <p>11 that we have now learned through the Costco 17:29:05</p> <p>12 documents that they had purchased pre IPO in 1998 17:29:10</p> <p>13 represents about 2 percent or in that range of the 17:29:12</p> <p>14 total pre IPO 1998 sales of Adams Golf. 17:29:15</p> <p>15 A. Okay. 17:29:19</p> <p>16 MR. COLLINS: Is that in both quarters 17:29:20</p> <p>17 or just the second quarter? 17:29:22</p> <p>18 MR. BESSETTE: Both. First and second 17:29:24</p> <p>19 quarter, so I am saying 1998 pre IPO. So 17:29:25</p> <p>20 essentially January through the end of June, since 17:29:30</p> <p>21 we don't know the first nine days of July. 17:29:33</p> <p>22 MR. COLLINS: One other question. Do 17:29:36</p> <p>23 you know what percentage it is of the second quarter 17:29:38</p> <p>24 sales? 17:29:43</p>

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<p>1 MR. BESSETTE: I believe -- off the 17:29:43</p> <p>2 record. 17:29:45</p> <p>3 (Off the record 17:29:45</p> <p>4 discussion.) 17:30:13</p> <p>5 BY MR. BESSETTE: 17:30:13</p> <p>6 Q. So I am trying to understand what you 17:30:14</p> <p>7 say here. In the second sentence you say, "This 17:30:15</p> <p>8 misstates the quantitative risk the gray market 17:30:19</p> <p>9 posed to the company in at least two ways." You 17:30:19</p> <p>10 say, "First, Mr. Grace bases his figure on Adams 17:30:22</p> <p>11 Clubs sold through Costco rather than on clubs 17:30:27</p> <p>12 purchased." And they purchased 8,400. What I am 17:30:29</p> <p>13 saying now, representing to you is the 8,400 is what 17:30:33</p> <p>14 is 2 percent of the company's total sales in 1998, 17:30:38</p> <p>15 the first two quarters. So does that still make 17:30:42</p> <p>16 sense? 17:30:47</p> <p>17 MR. COLLINS: I don't think we can 17:30:48</p> <p>18 change that on the basis of your representation. 17:30:49</p> <p>19 Although we have all due respect for you, Paul. So 17:30:52</p> <p>20 therefore, it is what it is. 17:30:56</p> <p>21 MR. BESSETTE: Let her answer that. 17:30:58</p> <p>22 MR. COLLINS: That's fine. 17:31:00</p> <p>23 BY THE WITNESS: 17:31:01</p> <p>24 A. Again, I am not doing the math in my 17:31:01</p>	<p>1 BY THE WITNESS: 17:32:19</p> <p>2 A. Well, the last part of that question 17:32:21</p> <p>3 was not something I was expecting. If you can give 17:32:23</p> <p>4 me the question again, that would be great. 17:32:25</p> <p>5 BY MR. BESSETTE: 17:32:25</p> <p>6 Q. Okay. The predicate is, you say in 17:32:26</p> <p>7 the second sentence that this, meaning the first 17:32:26</p> <p>8 statement -- 17:32:29</p> <p>9 A. Yep. 17:32:29</p> <p>10 Q. -- okay. 2 percent of sales occurred 17:32:30</p> <p>11 through Costco. You say that misstates the 17:32:33</p> <p>12 quantitative risk that the gray market posed for two 17:32:36</p> <p>13 reasons, okay, and we will get into the second. But 17:32:40</p> <p>14 right now, your first reason is, you are saying 17:32:42</p> <p>15 that, you know, they purchased 8,400, not 3,915. So 17:32:44</p> <p>16 since we don't want to do any math, what I am saying 17:32:49</p> <p>17 is, if the 8,400 that Costco purchased in the first 17:32:52</p> <p>18 half of 1998 represents 2 percent of Adams Golf's 17:32:56</p> <p>19 sales in that same time frame, okay? 17:33:00</p> <p>20 A. Okay. 17:33:02</p> <p>21 Q. That quantitative risk, in your mind, 17:33:03</p> <p>22 just the quantitative risk, is that immaterial, 2 17:33:08</p> <p>23 percent? 17:33:12</p> <p>24 MR. COLLINS: Vague and ambiguous. 17:33:12</p>
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<p>1 head. 17:31:03</p> <p>2 BY MR. BESSETTE: 17:31:03</p> <p>3 Q. Let me ask you this then: Your 17:31:04</p> <p>4 distinction here, your first point you are making is 17:31:07</p> <p>5 that Mr. Grace must have -- that the 2 percent of 17:31:09</p> <p>6 sales misstates the quantitative risks because 17:31:13</p> <p>7 Costco purchased 8,400 not 3,915, and you are 17:31:17</p> <p>8 assuming in this paragraph that the 2 percent is 17:31:22</p> <p>9 reflective of the 3,915, is that right? 17:31:25</p> <p>10 A. I think the Grace report misstates the 17:31:27</p> <p>11 quantitative risk because he presents -- I don't 17:31:30</p> <p>12 even think he uses the 3,915. He uses some number 17:31:32</p> <p>13 close to that number, and never discusses the 8,400 17:31:35</p> <p>14 number as I recall, the total clubs purchased rather 17:31:40</p> <p>15 than -- the total clubs sold by Costco rather than 17:31:45</p> <p>16 the total clubs purchased. 17:31:47</p> <p>17 Q. If the total number of clubs at a 17:31:49</p> <p>18 Costco purchased in the first half of 1998 was 17:31:54</p> <p>19 8,400, and that represented 2 percent of Adams Golf 17:31:59</p> <p>20 sales of clubs in the same time period, by itself, 17:32:05</p> <p>21 is that an immaterial risk to Adams Golf, that 17:32:12</p> <p>22 number, just the quantitative risk? 17:32:16</p> <p>23 MR. COLLINS: Vague and ambiguous. 17:32:19</p> <p>24 17:32:19</p>	<p>1 BY THE WITNESS: 17:33:16</p> <p>2 A. Is it immaterial? No. 17:33:17</p> <p>3 BY MR. BESSETTE: 17:33:17</p> <p>4 Q. Why not? 17:33:17</p> <p>5 A. For all the reasons that I have stated 17:33:18</p> <p>6 in my reports. It is not the 2 percent or any other 17:33:20</p> <p>7 percentages that you might -- that we could talk 17:33:24</p> <p>8 about speculatively or hypothetically, rather, that 17:33:27</p> <p>9 I focused on. Rather, I focused on the company's 17:33:32</p> <p>10 business model and the characteristics of the gray 17:33:35</p> <p>11 market and how those two coalesced in creating 17:33:38</p> <p>12 opportunity for the gray market and risks to the 17:33:43</p> <p>13 company. 17:33:46</p> <p>14 Q. And I understand all that. I am 17:33:46</p> <p>15 putting that in a qualitative risk, okay. I mean, 17:33:49</p> <p>16 the company being more susceptible to gray 17:33:51</p> <p>17 marketing, as you've listed in your report, and all 17:33:55</p> <p>18 those reasons. I am just saying, the number of 17:33:58</p> <p>19 clubs sold by Costco in the first half of 1998 17:34:01</p> <p>20 versus the number of clubs Adams Golf sold to the 17:34:04</p> <p>21 public, you know, its total, is 2 percent a material 17:34:07</p> <p>22 amount in your mind, just the number? 17:34:11</p> <p>23 MR. COLLINS: Vague and ambiguous, 17:34:13</p> <p>24 outside the scope. 17:34:16</p>

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1	Go ahead.	17:34:17	1	prior answer, please?	17:36:50
2	BY THE WITNESS:	17:34:18	2	(Record read.)	17:36:50
3	A. Given the context, yes.	17:34:18	3	BY MR. BESSETTE:	17:37:09
4	BY MR. BESSETTE:	17:34:20	4	Q. I'm sorry. So let me ask this: Are	17:37:09
5	Q. And you base that on all the	17:34:20	5	you referring to Mr. Grace referring to the clubs	17:37:14
6	qualitative factors that you've discussed?	17:34:23	6	sold, the 3,900 representing 2 percent, or the 8,400	17:37:18
7	A. Right.	17:34:26	7	representing 2 percent?	17:37:25
8	Q. Okay. You can't answer me without	17:34:26	8	MR. COLLINS: This is hopelessly	17:37:26
9	carving out the qualitative factors, is that what	17:34:29	9	confused at this point. Should we pull out the	17:37:29
10	you're trying to tell me?	17:34:32	10	Grace report? Would that be helpful?	17:37:32
11	MR. COLLINS: And it is outside the	17:34:32	11	MR. BESSETTE: Sure.	17:37:35
12	scope.	17:34:32	12	MR. COLLINS: Can I go off the record	17:37:36
13	Go ahead.	17:34:34	13	and try to cut through this quickly? Or on the	17:37:36
14	BY MR. BESSETTE:	17:34:36	14	record, I don't care. Let me stay on the record.	17:37:39
15	Q. Because I asked you to cut out the	17:34:36	15	MR. BESSETTE: All right.	17:37:39
16	qualitative factors.	17:34:36	16	MR. COLLINS: My recollection is that	17:37:40
17	MR. COLLINS: I guess he is asking,	17:34:37	17	Grace used the number of 3,915 or 38 and change. I	17:37:42
18	have you considered purely on the basis of numbers	17:34:38	18	don't think he used the number of 8,400. Now,	17:37:49
19	is it a serious risk. I think that's his question,	17:34:41	19	today, Paul, you have said that the 2 percent of	17:37:52
20	if you considered that, what's your answer.	17:34:41	20	total sales was arrived at using a numerator of	17:37:55
21	BY THE WITNESS:	17:34:44	21	8,400, or thereabout, as opposed to 3, 900 or	17:38:02
22	A. I have thought about it, but I haven't	17:34:44	22	thereabouts. If that's the case, then whatever it	17:38:09
23	decontextualized it from all the other factors that	17:34:51	23	is, it is. And we can certainly work it out as a	17:38:12
24	we have talked about today.	17:34:53	24	matter of stipulation of agreed facts for trial.	17:38:15
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1	BY MR. BESSETTE:	17:34:54	1	But I think the problem lies in my recollection in	17:38:18
2	Q. All right. Fair enough. So tell me	17:34:54	2	imprecision in the Grace report if, in fact, you are	17:38:24
3	then, what you mean in your first point there, that	17:34:57	3	right that the 2 percent uses as a numerator 8,400,	17:38:27
4	Mr. Grace has misstated the quantitative risk that	17:35:01	4	as opposed to 3,900.	17:38:33
5	the gray market posed. Can you explain to me what	17:35:06	5	MR. BESSETTE: Okay. Let's take a	17:38:33
6	you mean then in those two sentences?	17:35:09	6	look. Well, Exhibit 7, page 6 reflects total pre	17:38:53
7	A. Let me just read the paragraph.	17:35:11	7	IPO numbers for U.S. and Canada in the 8,400 range.	17:38:58
8	Sorry, can you give me the question one more time?	17:35:52	8	MR. COLLINS: Pre IPO total as of	17:39:06
9	Q. I would like to know what you mean in	17:35:59	9	7-8-98?	17:39:09
10	those two sentences following the word "First."	17:36:02	10	MR. BESSETTE: Right.	17:39:10
11	A. Mr. Grace, in his report, talked	17:36:04	11	MR. COLLINS: My recollection is the	17:39:10
12	about -- did not talk about the clubs purchased by	17:36:15	12	report uses the 38 and change.	17:39:13
13	Costco, rather he talked about the clubs sold	17:36:18	13	THE WITNESS: That's my recollection	17:39:17
14	through Costco. And I think that's a misstatement	17:36:21	14	as well.	17:39:19
15	of the quantitative risk faced by the company.	17:36:24	15	MR. GLUCKOW: Off the record.	17:39:22
16	Q. And if you are mistaken, has he	17:36:28	16	(Off the record	17:39:22
17	misstated the quantitative risk?	17:36:31	17	discussion.)	17:39:42
18	A. Say that again? If I'm --	17:36:35	18	MR. COLLINS: Let's keep this on the	17:39:42
19	MR. COLLINS: Vague and ambiguous.	17:36:36	19	record now. We are now looking at page 18 of the	17:39:44
20	BY MR. BESSETTE:	17:36:38	20	Grace report, paragraph beginning "Documents	17:39:47
21	Q. If you are mistaken on that point, has	17:36:38	21	produced by Costco," and the witness is reading that	17:39:50
22	he then mistaken the quantitative risk?	17:36:40	22	paragraph.	17:39:53
23	A. If I am mistaken on which point?	17:36:47	23	BY THE WITNESS:	17:40:37
24	MR. BESSETTE: Would you read her	17:36:50	24	A. Okay.	17:40:37

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<p>1 BY MR. BESSETTE: 17:40:39</p> <p>2 Q. When you wrote your rebuttal report, 17:40:47</p> <p>3 Professor, did you make the assumption that the 17:40:50</p> <p>4 2 percent of total sales occurring through Costco 17:40:53</p> <p>5 stores was represented by the 3,200 in U.S. and 660 17:40:56</p> <p>6 in Canada reflected in Mr. Grace's report? 17:41:06</p> <p>7 A. Yes, I think so. 17:41:10</p> <p>8 Q. If the 2 percent being referred to 17:41:11</p> <p>9 here and in your report is actually based on the 17:41:26</p> <p>10 units Costco purchased, the 8,400, is it still your 17:41:32</p> <p>11 testimony that Mr. Grace has misstated the 17:41:34</p> <p>12 quantitative risk as you've stated it in Paragraph 17:41:38</p> <p>13 21 of your report? 17:41:42</p> <p>14 MR. COLLINS: Objection, vague and 17:41:42</p> <p>15 ambiguous. 17:41:42</p> <p>16 Go ahead. 17:41:43</p> <p>17 BY THE WITNESS: 17:41:43</p> <p>18 A. It would still be my testimony that he 17:41:43</p> <p>19 misstates the quantitative risk, yes. 17:41:46</p> <p>20 BY MR. BESSETTE: 17:41:49</p> <p>21 Q. And is that for the reasons that you 17:41:50</p> <p>22 have already indicated the qualitative factors that 17:41:52</p> <p>23 you haven't divorced from your mind? 17:41:55</p> <p>24 A. Correct. 17:41:57</p>	<p>1 BY THE WITNESS: 17:43:17</p> <p>2 A. If you look at Table 4, the first line 17:43:18</p> <p>3 of the table is net sales. And if you read across 17:43:21</p> <p>4 that line, you can see that progressing into the 17:43:23</p> <p>5 future sales were projected to take a downward turn. 17:43:26</p> <p>6 BY MR. BESSETTE: 17:43:30</p> <p>7 Q. Now, how do you square that with the 17:43:30</p> <p>8 verbiage above, where Lehman says, "The company is 17:43:34</p> <p>9 expected to experience top line growth of over 30 17:43:34</p> <p>10 percent through the year 2002"? 17:43:39</p> <p>11 MR. COLLINS: Document speaks for 17:43:48</p> <p>12 itself. 17:43:50</p> <p>13 BY MR. BESSETTE: 17:43:51</p> <p>14 Q. Well, let me ask you: Did you read 17:43:51</p> <p>15 that sentence before you took the information from 17:43:53</p> <p>16 Table 4 and used it in your report? 17:43:57</p> <p>17 MR. COLLINS: I am just going to say, 17:44:02</p> <p>18 I think we are talking apples and oranges. Since 17:44:05</p> <p>19 you have very few minutes left, if you want -- 17:44:08</p> <p>20 MR. BESSETTE: I don't believe I am. 17:44:08</p> <p>21 BY MR. BESSETTE: 17:44:08</p> <p>22 Q. Can you answer my question, please? 17:44:09</p> <p>23 MR. COLLINS: Go ahead. 17:44:11</p> <p>24</p>
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<p>1 Q. Okay. And then I guess the second 17:41:57</p> <p>2 reason, which you say, "In addition, at the time of 17:41:59</p> <p>3 the company's IPO sales for the third and fourth 17:42:02</p> <p>4 quarters of 1998 were projected to take a downward 17:42:07</p> <p>5 turn." And you cite Exhibit 74 and Exhibit 98. 17:42:11</p> <p>6 A. Uh-huh. 17:42:14</p> <p>7 Q. Now, Exhibit 74 is a commitment 17:42:15</p> <p>8 committee memorandum by Lehman Brothers? 17:42:20</p> <p>9 A. Yep. 17:42:25</p> <p>10 Q. Which is, I believe dated April 28th. 17:42:25</p> <p>11 So that was in existence prior to the IPO. The 17:42:29</p> <p>12 second document is Exhibit 98, which appears to be a 17:42:34</p> <p>13 Nations Bank Montgomery Securities report. It's 17:42:42</p> <p>14 dated August 4, 1998. Was that in existence at the 17:42:48</p> <p>15 time of the IPO? 17:42:52</p> <p>16 A. The date would indicate not. 17:42:54</p> <p>17 Q. Now, what is your basis in Exhibit 74 17:42:57</p> <p>18 for claiming that the projections -- well, for 17:43:01</p> <p>19 claiming that the company's sales for the third and 17:43:05</p> <p>20 fourth quarters of 1998 were projected to take a 17:43:09</p> <p>21 downward turn? 17:43:13</p> <p>22 MR. COLLINS: The document speaks for 17:43:14</p> <p>23 itself. 17:43:15</p> <p>24 Go ahead. 17:43:17</p>	<p>1 BY THE WITNESS: 17:44:11</p> <p>2 A. I was focusing on Table 4, because as 17:44:12</p> <p>3 the verbiage in the paragraph proceeding it says, 17:44:15</p> <p>4 "Lehman Brothers quarterly income statement 17:44:19</p> <p>5 projections for '98 and '99 and annual projections 17:44:19</p> <p>6 through 2002 are set forth in Table 4." I then 17:44:23</p> <p>7 focused on Table 4. 17:44:27</p> <p>8 BY MR. BESSETTE: 17:44:29</p> <p>9 Q. Okay. And in particular I guess you 17:44:29</p> <p>10 looked at the third and fourth quarter, those 17:44:30</p> <p>11 columns? 17:44:33</p> <p>12 A. Yes. 17:44:35</p> <p>13 Q. Okay. And then how about 1999, those 17:44:46</p> <p>14 quarters, first and second? Were they higher or 17:44:57</p> <p>15 lower than estimates -- were they higher or lower 17:45:01</p> <p>16 than the third and fourth quarters of '98? 17:45:05</p> <p>17 MR. COLLINS: The document speaks for 17:45:05</p> <p>18 itself. 17:45:06</p> <p>19 BY THE WITNESS: 17:45:07</p> <p>20 A. The first and second quarters of 1999 17:45:09</p> <p>21 were both higher than the third and fourth quarters 17:45:14</p> <p>22 of '98. 17:45:17</p> <p>23 BY MR. BESSETTE: 17:45:18</p> <p>24 Q. So I am just trying to understand. 17:45:18</p>

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<p>1 What is the basis for your thought that the third 17:45:20 2 and fourth quarters were projected to take a 17:45:23 3 downward trend -- Strike that. 17:45:25 4 Did you consider that the third 17:45:28 5 and fourth quarter numbers reflected seasonality? 17:45:29 6 Or did you think that the third and fourth quarter 17:45:32 7 estimates as reflected in Exhibit 74 were due to 17:45:37 8 demand or something else? Did you give it any 17:45:42 9 thought? 17:45:46 10 MR. COLLINS: Objection. Exhibit 74 17:45:46 11 speaks for itself. And, of course, Paragraph 21 of 17:45:48 12 the rebuttal report speaks for itself. 17:45:51 13 BY THE WITNESS: 17:45:56 14 A. I considered why that might be. I 17:45:56 15 didn't particularly focus on that, on the reasons 17:46:01 16 for the downward turn. 17:46:03 17 BY MR. BESSETTE: 17:46:05 18 Q. Well, doesn't that matter in your 17:46:06 19 opinion here, Professor? 17:46:08 20 MR. COLLINS: In Paragraph 21, is that 17:46:09 21 the question? 17:46:11 22 BY MR. BESSETTE: 17:46:13 23 Q. Well, aren't you saying that the third 17:46:14 24 and fourth quarter downward projections presented a 17:46:15</p>	<p>1 working very closely with Lehman Brothers, however. 17:47:47 2 Q. Do you know before the IPO whether the 17:47:50 3 company itself internally projected that Q3 and Q4 17:47:55 4 were going to take a downward turn? 17:47:55 5 A. I don't know. 17:47:57 6 Q. Does it make a difference to you 17:47:58 7 whether the company internally projected a downward 17:48:01 8 turn for Q3 and Q4 versus the underwriters? 17:48:04 9 MR. COLLINS: Is the question related 17:48:09 10 again to Paragraph 21? 17:48:10 11 MR. BESSETTE: Yes. Only related to 17:48:13 12 Paragraph 21. 17:48:15 13 BY THE WITNESS: 17:48:16 14 A. Can you ask the question again? 17:48:17 15 MR. BESSETTE: Can you read it back, 17:48:17 16 please? 17:48:17 17 (Record read.) 17:48:32 18 BY THE WITNESS: 17:48:32 19 A. There is a distinction there. 17:48:32 20 BY MR. BESSETTE: 17:48:34 21 Q. Can you explain what it is? 17:48:34 22 A. I think it is a fine distinction 17:48:35 23 relative to investors. The company's internal 17:48:37 24 projections may have been slightly different from 17:48:45</p>
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<p>1 serious risk as it relates to the gray market? Your 17:46:19 2 whole rationale here is that if the gray market 17:46:23 3 remained constant, with downward projections, it was 17:46:27 4 going to have a bigger effect. I mean, that's what 17:46:30 5 you are saying in this paragraph, are you not? 17:46:33 6 A. In this paragraph, I am not talking at 17:46:35 7 all about the cause of the downward turn. 17:46:38 8 Q. Right. I am questioning your 17:46:41 9 characterization of the downward turn. Because the 17:46:52 10 estimates for Q3 and Q4 were lower than Q1 and Q2 in 17:46:56 11 your mind, as you stated in this paragraph, that is 17:47:02 12 a downward turn, is that right? 17:47:04 13 A. Yes. 17:47:09 14 Q. Were these the company's projections 17:47:10 15 or the underwriter's projections? 17:47:12 16 A. This is a Lehman Brothers report. 17:47:14 17 Q. Do you have any knowledge of whether 17:47:17 18 the company received this report or had any 17:47:18 19 knowledge of what the underwriter's projections for 17:47:22 20 the company were? 17:47:25 21 A. I am trying to think about whether I 17:47:26 22 have seen it in company documentation. I don't 17:47:32 23 remember with any definite assurance that the 17:47:40 24 company saw this report before its IPO. It was 17:47:44</p>	<p>1 Lehman Brothers. I don't know. If they were, I 17:48:48 2 would have to see where those projections were and 17:48:51 3 compared them to Lehman Brothers projections, and 17:48:54 4 then I might be able to come up with some sort of 17:48:54 5 thoughts about what the differences would be. 17:49:00 6 Q. What is your basis, Professor, for 17:49:00 7 opining as to what investors would consider 17:49:03 8 significant in terms of whether there were you 17:49:06 9 underwriter's projections or the company's 17:49:09 10 projections? What basis do you have to even make 17:49:11 11 that assessment? 17:49:14 12 MR. COLLINS: Outside the scope of the 17:49:15 13 opinion. 17:49:17 14 BY MR. BESSETTE: 17:49:17 15 Q. Let me ask you: Do you have any basis 17:49:18 16 at all? 17:49:20 17 MR. COLLINS: Or do you have any 17:49:21 18 opinion? 17:49:23 19 BY THE WITNESS: 17:49:23 20 A. Right. Those are two different 17:49:24 21 things. 17:49:27 22 BY MR. BESSETTE: 17:49:27 23 Q. Do you have a basis to assess the 17:49:28 24 difference to a potential investor -- Strike that. 17:49:30</p>

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<p>1 Do you have a basis to assess the 17:49:39</p> <p>2 significance to a potential investor of 17:49:41</p> <p>3 underwriter's estimates of future earnings or the 17:49:45</p> <p>4 company's estimates of future earnings? 17:49:48</p> <p>5 MR. COLLINS: Outside the scope. 17:49:51</p> <p>6 Please. 17:49:52</p> <p>7 BY THE WITNESS: 17:49:52</p> <p>8 A. That is outside of my realm of 17:49:52</p> <p>9 expertise in this matter. 17:49:55</p> <p>10 BY MR. BESSETTE: 17:49:56</p> <p>11 Q. Do you have any basis to make that 17:49:57</p> <p>12 assessment? 17:49:59</p> <p>13 MR. COLLINS: She just answered. 17:50:00</p> <p>14 BY THE WITNESS: 17:50:02</p> <p>15 A. Again, it is outside the scope of my 17:50:03</p> <p>16 expertise in this matter. 17:50:05</p> <p>17 BY MR. BESSETTE: 17:50:05</p> <p>18 Q. So you have not made that assessment 17:50:06</p> <p>19 in this case, have you? Since it is outside your 17:50:06</p> <p>20 expertise? 17:50:07</p> <p>21 A. Right. 17:50:07</p> <p>22 Q. Is that the same thing as saying you 17:50:09</p> <p>23 have no basis to make that assessment? 17:50:12</p> <p>24 A. I am not sure exactly what you are 17:50:14</p>	<p>1 A. Okay. Wait. Hang on. Explain the 17:52:08</p> <p>2 sentence in my report? 17:52:10</p> <p>3 Q. Yes. 17:52:11</p> <p>4 A. Okay. If you've got -- 17:52:12</p> <p>5 hypothetically, if you have got a gray market 17:52:14</p> <p>6 problem that remains -- in which sales volumes are 17:52:18</p> <p>7 not moving, gray marketed sales volumes are not 17:52:22</p> <p>8 shifting upward or downward, it is remaining stable 17:52:26</p> <p>9 is what I mean to say. And you have got sales 17:52:32</p> <p>10 volumes that are decreasing. The amount of gray 17:52:33</p> <p>11 market sales relative to the amount of total sales 17:52:36</p> <p>12 will be increasing. 17:52:39</p> <p>13 Q. Okay. And it is your testimony, I 17:52:41</p> <p>14 believe, in exhibit -- well, yeah. It is your 17:52:45</p> <p>15 testimony in this report that because of the 17:52:46</p> <p>16 downward projections for Q3 and Q4, that the gray 17:52:50</p> <p>17 market sales then happening, even if they didn't 17:52:54</p> <p>18 increase, if they just remained constant, presented 17:52:57</p> <p>19 a serious risk to the company that the company 17:53:00</p> <p>20 should have disclosed. Is that your view? 17:53:02</p> <p>21 A. Yes. 17:53:04</p> <p>22 Q. Tell me how the company was supposed 17:53:05</p> <p>23 to assess that serious risk if their own internal 17:53:08</p> <p>24 estimates didn't reflect downward projections for Q3 17:53:13</p>
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<p>1 getting at. I make no assertion about the relative 17:50:15</p> <p>2 importance of the Lehman Brothers reports and the 17:50:17</p> <p>3 company's internal assessments. 17:50:21</p> <p>4 Q. You say in Paragraph 21, after the 17:50:47</p> <p>5 cites to Exhibit 74 and 98, that "This," meaning the 17:50:49</p> <p>6 downward projections for Q3 and Q4, I assume, 17:50:54</p> <p>7 "presented a serious risk that relative to total 17:51:00</p> <p>8 sales, even if gray market sales remain stable," as 17:51:04</p> <p>9 opposed to continuing to escalate, "the magnitude of 17:51:08</p> <p>10 the gray market problem would increase relative to 17:51:09</p> <p>11 total sales." And your basis for -- Strike that. 17:51:12</p> <p>12 That statement assumes, does it 17:51:23</p> <p>13 not, that third quarter and fourth quarter results 17:51:25</p> <p>14 were going to be actually lower -- Strike that. Not 17:51:33</p> <p>15 a good question. 17:51:33</p> <p>16 The downward turn in Q3 and Q4, 17:51:43</p> <p>17 how did that relate to the risk of the gray market, 17:51:52</p> <p>18 the magnitude of the gray market problem? 17:51:58</p> <p>19 MR. COLLINS: You mean apart from what 17:52:02</p> <p>20 she wrote there? 17:52:04</p> <p>21 MR. BESSETTE: Yeah. 17:52:05</p> <p>22 BY MR. BESSETTE: 17:52:05</p> <p>23 Q. I mean, just explain that sentence to 17:52:06</p> <p>24 me. 17:52:07</p>	<p>1 and Q4? 17:53:16</p> <p>2 A. I don't know what the company's 17:53:16</p> <p>3 internal assessment did or didn't say. 17:53:17</p> <p>4 Q. So how is that risk knowable to the 17:53:17</p> <p>5 company? 17:53:20</p> <p>6 A. Well, I assume that the company knew 17:53:20</p> <p>7 something about Lehman Brothers projected results. 17:53:25</p> <p>8 Q. So, again, you are just assuming? You 17:53:30</p> <p>9 are guessing? 17:53:33</p> <p>10 A. I wouldn't say I am guessing. 17:53:34</p> <p>11 Q. Do you have any factual basis to opine 17:53:35</p> <p>12 that the company was aware pre IPO of Lehman's 17:53:39</p> <p>13 internal earnings estimates? 17:53:45</p> <p>14 MR. COLLINS: Outside the scope. 17:53:50</p> <p>15 BY THE WITNESS: 17:53:50</p> <p>16 A. You asked me that earlier as well. 17:53:50</p> <p>17 And I think I told you, I am not remember any 17:53:51</p> <p>18 documents right now in which the company is 17:53:53</p> <p>19 internally discussing the Lehman report. 17:53:55</p> <p>20 BY MR. BESSETTE: 17:53:58</p> <p>21 Q. So you have no actual knowledge that 17:53:58</p> <p>22 the company was aware. Nothing you can point to. 17:53:59</p> <p>23 So how did you make the statement that there was a 17:54:02</p> <p>24 serious risk that the company was aware of or should 17:54:05</p>

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<p>1 have been aware of and therefore disclosed? 17:54:08</p> <p>2 MR. COLLINS: Asked and answered. 17:54:10</p> <p>3 BY MR. BESSETTE: 17:54:14</p> <p>4 Q. Is it just based on assumption that 17:54:15</p> <p>5 they were aware of the Lehman estimates? 17:54:18</p> <p>6 A. There was that. There is also, as 17:54:21</p> <p>7 you've discussed and I've seen in a number of 17:54:22</p> <p>8 documents in which Barney Adams is discussing 17:54:24</p> <p>9 seasonality, and that there is often a downward turn 17:54:28</p> <p>10 during that time of the year. 17:54:31</p> <p>11 Q. Okay. So now you are saying that the 17:54:32</p> <p>12 seasonality effect in Q3 and Q4 should have put the 17:54:36</p> <p>13 company on alert that there is a serious risk that 17:54:40</p> <p>14 the gray marketing, even if it stayed at the same 17:54:43</p> <p>15 level of activity, would cause -- would cause an 17:54:47</p> <p>16 increase in the magnitude of the problem for the 17:54:53</p> <p>17 company? 17:54:57</p> <p>18 A. Yes. 17:54:57</p> <p>19 Q. And do you know the percentage of 17:54:57</p> <p>20 decline on average that the company experienced in 17:54:59</p> <p>21 Q3 or Q4 due to seasonality alone versus Q1 and Q2 17:55:03</p> <p>22 in any given year? 17:55:12</p> <p>23 MR. COLLINS: Vague. 17:55:14</p> <p>24</p>	<p>1 Adams Golf should have realized a serious risk due 17:56:05</p> <p>2 alone to a downturn in Q3 and Q4 due to seasonality 17:56:09</p> <p>3 when you don't know the effect seasonality has in 17:56:10</p> <p>4 any given year to Adams Golf? 17:56:14</p> <p>5 MR. COLLINS: Asked and answered. 17:56:16</p> <p>6 Do you have anything to add to 17:56:17</p> <p>7 what you already said? 17:56:18</p> <p>8 THE WITNESS: No, I don't. 17:56:18</p> <p>9 BY MR. BESSETTE: 17:56:18</p> <p>10 Q. Well, can you answer my question, 17:56:21</p> <p>11 please? 17:56:22</p> <p>12 MR. COLLINS: Asked and answered. 17:56:45</p> <p>13 BY THE WITNESS: 17:56:45</p> <p>14 A. Can you ask the question again?</p> <p>15 MR. BESSETTE: Can you read it back,</p> <p>16 please?</p> <p>17 (Record read.)</p> <p>18 BY THE WITNESS:</p> <p>19 A. We talked about this already. The 17:56:48</p> <p>20 Lehman report was out there in the world, and Adams 17:56:50</p> <p>21 was working closely with Lehman. In addition, Adams 17:56:55</p> <p>22 had its own experiences with seasonality and knew 17:56:59</p> <p>23 the effect of that. And I have seen statements by 17:57:04</p> <p>24 Barney Adams in which he addresses the seasonality 17:57:06</p>
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<p>1 BY THE WITNESS: 17:55:15</p> <p>2 A. On average, no. In any given year, 17:55:16</p> <p>3 yes. And I stated those figures in 1998 in my 17:55:17</p> <p>4 report. 17:55:20</p> <p>5 BY MR. BESSETTE: 17:55:20</p> <p>6 Q. You stated the estimates by Lehman. 17:55:20</p> <p>7 A. No, I don't believe so. 17:55:23</p> <p>8 Q. Okay. Where are those numbers? 17:55:23</p> <p>9 A. Further on in 21, I believe. 17:55:25</p> <p>10 Q. Well, those are the actual numbers in 17:55:34</p> <p>11 Q3 and Q4. Are you saying that all of those are due 17:55:36</p> <p>12 to seasonality? 17:55:40</p> <p>13 A. I don't know which part of that 17:55:41</p> <p>14 decline was due to seasonality. 17:55:45</p> <p>15 Q. Well, that was my question. My 17:55:48</p> <p>16 question was and is, do you know what the percentage 17:55:51</p> <p>17 decline in Q3 and Q4 due to seasonality alone in any 17:55:52</p> <p>18 given year that Adams Golf suffered? 17:55:56</p> <p>19 MR. COLLINS: Asked and answered, way 17:55:59</p> <p>20 outside the scope. 17:56:01</p> <p>21 BY THE WITNESS: 17:56:01</p> <p>22 A. No. 17:56:02</p> <p>23 BY MR. BESSETTE: 17:56:02</p> <p>24 Q. So how can you sit here and say that 17:56:03</p>	<p>1 effects, particularly in that time of the year. 17:57:11</p> <p>2 BY MR. BESSETTE: 17:57:11</p> <p>3 Q. Is it your testimony, Professor, that 17:57:11</p> <p>4 this internal Lehman commitment committee memo was 17:57:13</p> <p>5 public or otherwise made available to Adams Golf? 17:57:15</p> <p>6 A. Let me restate that. 17:57:18</p> <p>7 MR. COLLINS: That's also asked and 17:57:20</p> <p>8 answered. 17:57:20</p> <p>9 Go ahead. 17:57:20</p> <p>10 BY THE WITNESS: 17:57:20</p> <p>11 A. I don't know whether it was available 17:57:22</p> <p>12 to Adams Golf. 17:57:23</p> <p>13 BY MR. BESSETTE: 17:57:24</p> <p>14 Q. Well, you said in your testimony out 17:57:25</p> <p>15 there. I just wanted to know what you meant by out 17:57:27</p> <p>16 there. 17:57:30</p> <p>17 A. It was in existence. 17:57:30</p> <p>18 Q. Okay. Did you study the life cycle of 17:57:31</p> <p>19 the Tight Lies club when doing your work in this 18:00:02</p> <p>20 case? 18:00:05</p> <p>21 A. What do you mean by the life cycle? 18:00:05</p> <p>22 Q. Are you aware that golf clubs 18:00:06</p> <p>23 generally have life cycles? 18:00:10</p> <p>24 A. Am I aware now or was I aware then? 18:00:13</p>

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1	Q. Well, when you did your report. 18:00:15	1	due diligence investigation by the underwriters in 18:02:26
2	A. From reading the documents, I was 18:00:17	2	connection with the IPO of Adams Golf was reasonable 18:02:30
3	aware of what the documents say regarding life 18:00:19	3	and adequate? 18:02:34
4	cycles. 18:00:24	4	A. Yes. 18:02:35
5	Q. No independent knowledge before you 18:00:25	5	Q. And do you have any intention of 18:02:35
6	started your work in this case about life cycles of 18:00:32	6	offering any opinion on that question? 18:02:37
7	various golf clubs or golf products? 18:00:35	7	A. No. 18:02:39
8	A. No. 18:00:38	8	Q. Coming back to the drafting process 18:02:39
9	Q. Do you know what the lifespan was of 18:00:38	9	that you used in preparing both your initial report 18:02:46
10	the Tight Lies club? 18:00:58	10	and your rebuttal report. From the time that you 18:02:49
11	MR. COLLINS: Vague and ambiguous. 18:01:00	11	first began working on this matter until we started 18:02:55
12	BY THE WITNESS: 18:01:00	12	the deposition this morning, do you have an estimate 18:02:58
13	A. I don't know. 18:01:05	13	of how many hours you've spent on this matter? 18:03:01
14	BY MR. BESSETTE: 18:01:06	14	A. Yeah. From what was the beginning 18:03:04
15	Q. You are aware that the company 18:01:06	15	time, I'm sorry? 18:03:09
16	produced a newer one, a Tight Lies 2 I think or 18:01:08	16	Q. Whenever you started. 18:03:10
17	whatever they called it, beyond the original, they 18:01:13	17	A. Whenever I started the matter until 18:03:13
18	made a series of clubs? 18:01:16	18	now? Approximately, I believe it is something like 18:03:14
19	A. Yes, I am aware that they were -- I 18:01:16	19	100 hours. 18:03:17
20	believe there was more than just the two. I believe 18:01:19	20	Q. And has anybody else connected with 18:03:17
21	there were additional. 18:01:21	21	the law school provided any research or other 18:03:19
22	Q. Right. If Adams Golf had continued to 18:01:24	22	assistance to you in connection with your work? 18:03:22
23	produce only the original Tight Lies, do you have an 18:01:28	23	A. I have had -- I have been working 18:03:24
24	opinion here what would have happened to sales of 18:01:32	24	mostly at home. I have had difficulty downloading 18:03:27
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1	the original Tight Lies over time? 18:01:35	1	PDF files, my secretary has assisted me in 18:03:30
2	MR. COLLINS: Outside the scope. 18:01:37	2	delivering PDF files. 18:03:35
3	BY THE WITNESS: 18:01:38	3	Q. And other than secretarial assistance, 18:03:36
4	A. No. 18:01:38	4	have you had anybody doing any actual research to 18:03:39
5	BY MR. BESSETTE: 18:01:39	5	help you? 18:03:41
6	Q. Do you have any opinion on what would 18:01:41	6	A. No, no. 18:03:41
7	have been the impact of gray marketing on the 18:01:43	7	Q. Who wrote your initial -- 18:03:42
8	continued sales of only the original Tight Lies 18:01:48	8	A. Actually, let me back up. 18:03:44
9	clubs if that's all the clubs Adams Golf had? 18:01:51	9	Q. Yeah. 18:03:44
10	A. I would be really in the realm of 18:01:56	10	A. I have asked a librarian to pull some 18:03:46
11	speculation to answer that question. 18:01:59	11	documents for me. But not doing actual research, 18:03:49
12	MR. BESSETTE: We are good. I am done 18:02:00	12	just pulling documents. 18:03:52
13	for now. Thanks. 18:02:03	13	Q. To pull documents that you identified 18:03:52
14	EXAMINATION 18:02:03	14	yourself? 18:03:57
15	BY MR. GLUCKOW: 18:02:03	15	A. That I had previously identified, yes. 18:03:57
16	Q. Professor Ochoa, Paul Gluckow, I'm 18:02:03	16	Q. Who wrote your initial report? 18:03:58
17	with Simpson Thacher. My firm represents the 18:02:09	17	A. I did. 18:03:59
18	underwriter defendants in this matter. 18:02:11	18	Q. Is every word in that initial report 18:03:59
19	I take it from your report you 18:02:13	19	yours? 18:04:02
20	have had an opportunity to review Mr. Miller's 18:02:17	20	A. Yes. 18:04:02
21	report as well? 18:02:20	21	Q. And did anyone other than yourself 18:04:02
22	A. Correct. 18:02:21	22	have any input on the initial report? 18:04:05
23	Q. And you understand that Mr. Miller is 18:02:21	23	A. I had discussions with Mr. Collins 18:04:10
24	prepared to offer testimony concerning whether the 18:02:24	24	about the questions that I was being asked. I also 18:04:13

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<p>1 I think inquired about, as a general matter, the 18:04:16</p> <p>2 format of these types of reports, because I hadn't 18:04:20</p> <p>3 done them before. 18:04:23</p> <p>4 Q. Conversations like that with anyone 18:04:24</p> <p>5 besides Mr. Collins or just Mr. Collins? 18:04:26</p> <p>6 A. Yes. I think I stated earlier in my 18:04:29</p> <p>7 testimony that I had a conversation like that with I 18:04:32</p> <p>8 think it was with my sister-in-law, Julie Lanz. 18:04:36</p> <p>9 Q. Did she review the report? 18:04:38</p> <p>10 A. No. 18:04:40</p> <p>11 MR. COLLINS: Excuse me. There may 18:04:42</p> <p>12 have been other lawyers besides me. I honestly 18:04:44</p> <p>13 don't remember. 18:04:48</p> <p>14 BY THE WITNESS: 18:04:49</p> <p>15 A. Yeah, there may have been. It's true. 18:04:49</p> <p>16 It's true. I don't remember either. Don Lewis, I 18:04:52</p> <p>17 may have asked similar questions about the general 18:04:55</p> <p>18 style and format. I don't remember exactly. 18:04:58</p> <p>19 BY MR. GLUCKOW: 18:05:03</p> <p>20 Q. You say in your initial report that 18:05:03</p> <p>21 you are being compensated at your current hourly 18:05:06</p> <p>22 rate of \$425? 18:05:10</p> <p>23 A. Yes. 18:05:12</p> <p>24 Q. And you testified earlier as to how 18:05:12</p>	<p>1 been paid per hour prior to this engagement? 18:05:53</p> <p>2 A. I don't know. I don't know. I would 18:05:55</p> <p>3 have to do calculations in order to figure that out. 18:05:59</p> <p>4 Q. Was it ever more than \$300 an hour? 18:06:01</p> <p>5 A. I don't know. It is doubtful. 18:06:05</p> <p>6 Q. Was it ever more than \$200 an hour? 18:06:06</p> <p>7 A. Again, I don't know. And now we are 18:06:10</p> <p>8 getting into more shaky ground. 18:06:11</p> <p>9 Q. But you are confident that it was 18:06:14</p> <p>10 never more than 300 an hour? 18:06:16</p> <p>11 A. Again, I said I don't know. I would 18:06:19</p> <p>12 guess not. 18:06:20</p> <p>13 MR. COLLINS: You know that Professor 18:06:21</p> <p>14 Ochoa said this is her first expert assignment. 18:06:23</p> <p>15 MR. GLUCKOW: Understood. 18:06:27</p> <p>16 BY MR. GLUCKOW: 18:06:27</p> <p>17 Q. When did you first form your opinion 18:06:30</p> <p>18 in this matter? 18:06:31</p> <p>19 A. My opinion evolved. It didn't happen 18:06:32</p> <p>20 at any given point. My opinion was formed during 18:06:36</p> <p>21 the time that I was reviewing documents in 18:06:39</p> <p>22 preparation for writing my report. 18:06:43</p> <p>23 Q. And when did you first begin writing 18:06:46</p> <p>24 the report? 18:06:49</p>
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<p>1 you arrived at that figure? 18:05:12</p> <p>2 A. Correct. 18:05:12</p> <p>3 Q. Has anyone ever paid you \$425 per hour 18:05:12</p> <p>4 before? 18:05:16</p> <p>5 A. I have charged either -- I don't 18:05:16</p> <p>6 remember the exact rate that I was billed at when I 18:05:18</p> <p>7 was an associate in New York, but it was somewhere 18:05:21</p> <p>8 close to that. 18:05:24</p> <p>9 Q. You are saying when you worked at 18:05:24</p> <p>10 Clifford Chance in New York? 18:05:27</p> <p>11 A. Yes. 18:05:28</p> <p>12 Q. You are saying you billed out at a 18:05:29</p> <p>13 rate of you think around \$425? 18:05:33</p> <p>14 A. I believe so. 18:05:34</p> <p>15 Q. But you weren't being paid by Clifford 18:05:35</p> <p>16 Chance \$425 an hour for your time? 18:05:39</p> <p>17 A. No. 18:05:39</p> <p>18 Q. Have you ever been paid \$425 prior to 18:05:40</p> <p>19 this engagement in your life? 18:05:45</p> <p>20 MR. COLLINS: \$425. 18:05:47</p> <p>21 BY MR. GLUCKOW: 18:05:47</p> <p>22 Q. Per hour? 18:05:48</p> <p>23 A. No. 18:05:48</p> <p>24 Q. What is the most that you have ever 18:05:49</p>	<p>1 A. That's a good question. They were due 18:06:49</p> <p>2 July 14th, is that right? I think I was working on 18:06:56</p> <p>3 it for approximately two weeks before that. Maybe a 18:06:59</p> <p>4 little bit longer. 18:07:04</p> <p>5 Q. You mentioned earlier a process where 18:07:04</p> <p>6 the plaintiff's lawyers got back in touch with you 18:07:08</p> <p>7 sometime in 2006, is that correct? 18:07:11</p> <p>8 A. Yes. 18:07:13</p> <p>9 Q. Did you remember that was, whether it 18:07:14</p> <p>10 was April, May, June, July? 18:07:18</p> <p>11 A. I don't remember exactly. I know that 18:07:20</p> <p>12 it was sometime right before Memorial Day. 18:07:22</p> <p>13 Q. So if that's correct, then, at some 18:07:24</p> <p>14 point between Memorial Day and the end of June you 18:07:28</p> <p>15 began writing your report? 18:07:31</p> <p>16 A. Correct. I began -- sorry. No, I 18:07:32</p> <p>17 don't believe I began writing it at that point. I 18:07:36</p> <p>18 began doing work in preparation of writing the 18:07:40</p> <p>19 report. 18:07:43</p> <p>20 Q. And then started writing it in early 18:07:43</p> <p>21 July? 18:07:46</p> <p>22 A. I believe so. It may have been the 18:07:46</p> <p>23 end of June. 18:07:48</p> <p>24 Q. There are a couple of draft reports 18:07:49</p>

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<p>1 that have been produced. I will hand them to the 18:07:55</p> <p>2 court reporter and ask them to be marked. 18:07:58</p> <p>3 (Exhibit Nos. 308 & 18:07:58</p> <p>4 309 were marked for 18:07:58</p> <p>5 identification.) 18:08:17</p> <p>6 MR. COLLINS: For the record, 308 is 18:08:17</p> <p>7 OCH 89 through 115. 309 is 116 through 136. 18:08:19</p> <p>8 BY MR. GLUCKOW: 18:08:19</p> <p>9 Q. And actually, before I ask you about 18:08:33</p> <p>10 those, just put those aside for a second. 18:08:36</p> <p>11 In terms of the rebuttal report 18:08:39</p> <p>12 that you submitted, was the drafting process for 18:08:41</p> <p>13 that rebuttal report different in any way from what 18:08:43</p> <p>14 we discussed with respect to the initial report? 18:08:45</p> <p>15 A. Only in that I reviewed additional 18:08:47</p> <p>16 materials. 18:08:49</p> <p>17 Q. But did you write the rebuttal report 18:08:50</p> <p>18 yourself? 18:08:53</p> <p>19 A. Yes. 18:08:53</p> <p>20 Q. And every word of that rebuttal report 18:08:53</p> <p>21 is your own? 18:08:56</p> <p>22 A. Yes. 18:08:57</p> <p>23 Q. And did anybody else have any input 18:08:57</p> <p>24 into the drafting of that rebuttal report? 18:09:00</p>	<p>1 first few lines. "Gray market activity can be 18:10:05</p> <p>2 favorable, as it creates." And the final just says, 18:10:10</p> <p>3 "Gray market activity creates." Do you recall the 18:10:13</p> <p>4 process that led to the words "can be favorable" 18:10:16</p> <p>5 being taken out of the report? 18:10:19</p> <p>6 A. Yes. I thought that it made that 18:10:21</p> <p>7 paragraph unclear. 18:10:23</p> <p>8 Q. How so? 18:10:24</p> <p>9 A. What I was trying to get at was the 18:10:25</p> <p>10 effects that the gray marketing had on Adams Golf, 18:10:28</p> <p>11 and really trying to get at the coalesce of Adams 18:10:33</p> <p>12 Golf's business model with the gray market. I 18:10:39</p> <p>13 didn't think it was relevant to talk about the 18:10:42</p> <p>14 places where gray market activity is favorable for 18:10:44</p> <p>15 consumers. 18:10:49</p> <p>16 Q. And no one asked you to take out the 18:10:50</p> <p>17 words "can be favorable"? 18:10:53</p> <p>18 A. No. 18:10:54</p> <p>19 Q. On the page that's marked OCH 0108, 18:10:54</p> <p>20 Paragraph 31, I think it is page 20. There is a 18:10:59</p> <p>21 reference today's exhibits. Do you know what that 18:11:07</p> <p>22 refers to? 18:11:10</p> <p>23 A. Yes. 18:11:12</p> <p>24 Q. What is that? 18:11:12</p>
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<p>1 A. Again, I had questions about the style 18:09:04</p> <p>2 and format. 18:09:06</p> <p>3 Q. So turning to documents that have now 18:09:07</p> <p>4 been marked as 308 and 309. To the extent, if at 18:09:09</p> <p>5 all, that these differ from your final report, are 18:09:13</p> <p>6 those changes, are those differences edits that you 18:09:15</p> <p>7 yourself made, or on the other hands, ones that were 18:09:18</p> <p>8 suggested to you by others? 18:09:21</p> <p>9 A. They were edits that I myself made. 18:09:22</p> <p>10 And in cases like the embarrassing apostrophe S 18:09:26</p> <p>11 examples, those were suggested by others. 18:09:29</p> <p>12 Q. Okay. But you can't recall any 18:09:30</p> <p>13 substantive changes that were suggested by anyone 18:09:33</p> <p>14 else? 18:09:37</p> <p>15 A. You know, there were a couple of 18:09:37</p> <p>16 others. Things that I opined on that were outside 18:09:38</p> <p>17 of the scope of the questions I was asked. I 18:09:42</p> <p>18 occasionally went beyond the scope of the questions 18:09:47</p> <p>19 that were asked and wrote them in my draft, and was 18:09:48</p> <p>20 asked to delete those portions. 18:09:49</p> <p>21 Q. By whom? 18:09:51</p> <p>22 A. By Todd Collins, Don Lewis. 18:09:52</p> <p>23 Q. Let me just, as an example, in what 18:09:55</p> <p>24 has been marked as 308, Paragraph 12, there is the 18:10:02</p>	<p>1 A. It referred to exhibits that I had 18:11:14</p> <p>2 received via Fed Ex that day. 18:11:16</p> <p>3 Q. And do you recall when this draft was 18:11:20</p> <p>4 prepared? 18:11:23</p> <p>5 A. Let's see. I believe that was -- this 18:11:23</p> <p>6 is the expert report, so it was probably -- it was 18:11:29</p> <p>7 about a week before the final report was due. 18:11:32</p> <p>8 Q. And you were still receiving exhibits 18:11:35</p> <p>9 at that point? 18:11:37</p> <p>10 A. I was. 18:11:37</p> <p>11 Q. What were you receiving? 18:11:37</p> <p>12 A. I think there were exhibits that 18:11:39</p> <p>13 were -- had recently been produced in connection 18:11:42</p> <p>14 with depositions that were taken later in the 18:11:45</p> <p>15 process. 18:11:47</p> <p>16 Q. If you would turn to 309. At OCH 18:11:47</p> <p>17 O135, toward the back. There is a reference to "See 18:11:59</p> <p>18 notes on this" in brackets. Do you know what that 18:12:08</p> <p>19 refers to? 18:12:13</p> <p>20 A. It refers to my own notes. 18:12:13</p> <p>21 Q. Did you take notes in connection with 18:12:15</p> <p>22 your work in the matter? 18:12:18</p> <p>23 A. I took some notes while I was going 18:12:19</p> <p>24 through the exhibits, so that I could have a 18:12:21</p>

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<p>1 synopsis of the things I read. 18:12:24</p> <p>2 Q. Where are those? 18:12:25</p> <p>3 A. Those are in my home. 18:12:26</p> <p>4 Q. Have you turned those over to the 18:12:29</p> <p>5 plaintiff's counsel? 18:12:31</p> <p>6 A. No. 18:12:31</p> <p>7 Q. Any reason why not? 18:12:32</p> <p>8 A. I haven't been asked. 18:12:32</p> <p>9 Q. Were you asked for all the materials 18:12:32</p> <p>10 that you had looked at and considered in connection 18:12:34</p> <p>11 with preparing your reports? 18:12:39</p> <p>12 A. I was -- that's a good question. I 18:12:40</p> <p>13 was asked to -- can you rephrase the question 18:12:44</p> <p>14 actually? Or restate the question, not rephrase it. 18:12:48</p> <p>15 Q. What, if anything, did the lawyers for 18:12:51</p> <p>16 the plaintiffs ask you to give them so that they 18:12:52</p> <p>17 could produce in the litigation your files? 18:12:56</p> <p>18 A. To give you a direct quote would be 18:12:57</p> <p>19 beyond my ability at this moment. But I know that 18:13:01</p> <p>20 they did ask me, for example, to produce the 18:13:06</p> <p>21 articles that I read and reviewed, and any other 18:13:08</p> <p>22 documents that I read and reviewed in anticipation 18:13:11</p> <p>23 of writing my report. 18:13:14</p> <p>24 Q. Anything else? 18:13:15</p>	<p>1 MR. COLLINS: Documents relied on, I 18:14:14</p> <p>2 believe. Documents relied on and documents, I 18:14:17</p> <p>3 believe, exchanged. I think that's it. But if 18:14:20</p> <p>4 there is something -- 18:14:22</p> <p>5 MR. GLUCKOW: There is an e-mail 18:14:22</p> <p>6 record which we can talk about once we are finished 18:14:24</p> <p>7 here. 18:14:25</p> <p>8 MR. COLLINS: That's fine. And just 18:14:26</p> <p>9 one other -- 18:14:26</p> <p>10 MR. GLUCKOW: Which we have -- 18:14:27</p> <p>11 MR. COLLINS: That's fine. I mean, 18:14:27</p> <p>12 whatever it is we have agreed to we will produce to 18:14:27</p> <p>13 you. We believe we have already done that. In 18:14:30</p> <p>14 addition to that, just to make this quick, you may 18:14:33</p> <p>15 want to ask what Document 135 is. Maybe that's your 18:14:36</p> <p>16 next question. 18:14:42</p> <p>17 MR. GLUCKOW: You lost me. 18:14:42</p> <p>18 MR. COLLINS: 135, you might ask 18:14:54</p> <p>19 Professor Ochoa what that is. That's all. 18:14:54</p> <p>20 MR. GLUCKOW: Where is that coming 18:14:54</p> <p>21 from? 18:14:54</p> <p>22 MR. COLLINS: 135, I think she will 18:14:56</p> <p>23 tell you are notes that she made. It is not part of 18:14:58</p> <p>24 the draft. 18:15:01</p>
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<p>1 A. Yes. The materials that I used in 18:13:17</p> <p>2 preparing -- that I assign to my class, which we 18:13:23</p> <p>3 have already talked about. And I'm trying to think 18:13:26</p> <p>4 if there was anything else. I believe I've turned 18:13:28</p> <p>5 over everything I was asked for. 18:13:31</p> <p>6 Q. Is there anything that you have in 18:13:33</p> <p>7 your possession that relates to your work on this 18:13:35</p> <p>8 matter other than your notes we have talked about 18:13:37</p> <p>9 that you haven't given to plaintiff's counsel? 18:13:40</p> <p>10 A. No. 18:13:41</p> <p>11 MR. COLLINS: And I can comment on 18:13:49</p> <p>12 that whenever you want me to. 18:13:50</p> <p>13 MR. GLUCKOW: I would just ask, 18:13:53</p> <p>14 obviously, that Professor Ochoa provide plaintiff's 18:13:55</p> <p>15 counsel with her notes as soon as possible, and that 18:13:58</p> <p>16 those be produced in the case. 18:14:01</p> <p>17 MR. COLLINS: That is not the 18:14:02</p> <p>18 agreement in this case as to what we are going to 18:14:03</p> <p>19 produce. You know that. The documents we are going 18:14:05</p> <p>20 to produce -- 18:14:07</p> <p>21 MR. GLUCKOW: I don't know that. My 18:14:09</p> <p>22 recollection is that the exchange that we had in 18:14:09</p> <p>23 terms of the agreement was that it specifically did 18:14:11</p> <p>24 include -- 18:14:13</p>	<p>1 MR. GLUCKOW: I just don't know what 18:15:01</p> <p>2 you mean when you say Document 135. 18:15:01</p> <p>3 MR. COLLINS: Bates Stamp OCH 0135 at 18:15:04</p> <p>4 the end of Exhibit 309. 18:15:11</p> <p>5 MR. BESSETTE: Well, you said Exhibit 18:15:11</p> <p>6 135, so... 18:15:13</p> <p>7 MR. GLUCKOW: Oh. You are saying on 18:15:13</p> <p>8 page 135. No, I understand that. 18:15:14</p> <p>9 BY MR. GLUCKOW: 18:15:14</p> <p>10 Q. I think what Mr. Collins is saying, 18:15:16</p> <p>11 Professor, is that those were notes that were 18:15:20</p> <p>12 keeping for yourself at the back of your draft 18:15:21</p> <p>13 report that you were considering whether you were 18:15:25</p> <p>14 going to put them into the report, is that correct? 18:15:25</p> <p>15 A. Actually, they may have been a 18:15:26</p> <p>16 separate document, but yes. 18:15:27</p> <p>17 Q. And were those the notes you were 18:15:29</p> <p>18 referring to earlier when you were talking about 18:15:31</p> <p>19 "see notes on this"? 18:15:35</p> <p>20 A. No. 18:15:36</p> <p>21 Q. You have handwritten notes? 18:15:36</p> <p>22 A. I have some handwritten notes. 18:15:38</p> <p>23 Q. Right. And I assume that you prepared 18:15:39</p> <p>24 those handwritten notes as you were, as you said, 18:15:41</p>

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<p>1 reviewing materials, correct? 18:15:43</p> <p>2 A. I prepared handwritten notes as I was 18:15:44</p> <p>3 reviewing the exhibits and other materials in 18:15:47</p> <p>4 connection with this. 18:15:52</p> <p>5 Q. So those are certainly part of the 18:15:52</p> <p>6 work, the work product that you generated in terms 18:15:54</p> <p>7 of your consideration of the substantive matters as 18:15:57</p> <p>8 part of your engagement, correct? 18:16:01</p> <p>9 A. I don't think of them as product. I 18:16:04</p> <p>10 think of them as a way of indexing the information 18:16:06</p> <p>11 that I reviewed. 18:16:09</p> <p>12 Q. They reflect your thought process, 18:16:09</p> <p>13 right? 18:16:12</p> <p>14 A. Process, yes. 18:16:12</p> <p>15 Q. And did you refer to those notes as 18:16:13</p> <p>16 you were preparing your report? 18:16:17</p> <p>17 A. Yes. 18:16:18</p> <p>18 Q. So you obviously relied on them, 18:16:18</p> <p>19 correct? 18:16:23</p> <p>20 A. I think it's a strange question. The 18:16:23</p> <p>21 notes were a way of my -- offering me a way to 18:16:28</p> <p>22 reengage with the exhibits themselves. 18:16:33</p> <p>23 Q. Right. And you looked at them as you 18:16:34</p> <p>24 were working on your report? 18:16:37</p>	<p>1 Par and Manatee? 18:18:12</p> <p>2 A. Yes. 18:18:13</p> <p>3 Q. And do you recall that there was 18:18:14</p> <p>4 discussion in the documents about whether those two 18:18:17</p> <p>5 authorized retailers had been involved in potential 18:18:20</p> <p>6 transshipments? 18:18:27</p> <p>7 A. Can you ask that question again? I 18:18:28</p> <p>8 was sort of flipping through the catalog in my head 18:18:32</p> <p>9 of the documents. 18:18:33</p> <p>10 Q. Sure. Do you recall that there was 18:18:33</p> <p>11 discussion in the documents about possible 18:18:37</p> <p>12 transshipments going through King Par and Manatee? 18:18:39</p> <p>13 A. I don't recall right now. 18:18:42</p> <p>14 Q. In what way, if you recall, did you 18:18:46</p> <p>15 rely on Manatee's or King Par's possibly involvement 18:18:49</p> <p>16 as transshippers in preparing your report? 18:18:59</p> <p>17 A. I don't recall right now. 18:19:02</p> <p>18 Q. Do you recall any way in which Manatee 18:19:03</p> <p>19 or King Par influenced your opinions in this matter? 18:19:07</p> <p>20 A. I don't recall right now. 18:19:12</p> <p>21 Q. In your report, your initial report 18:19:19</p> <p>22 that is, on page 21. 18:19:21</p> <p>23 MR. COLLINS: Now you are referring to 18:19:30</p> <p>24 Exhibit 303, the final report? 18:19:32</p>
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<p>1 A. Yes. 18:16:38</p> <p>2 Q. Have you ever, while you were a 18:16:39</p> <p>3 lawyer, had any complaints lodged against you in 18:16:48</p> <p>4 connection with your professional work? 18:16:52</p> <p>5 A. No. 18:16:54</p> <p>6 Q. Have you ever been involved in any 18:16:54</p> <p>7 lawsuits? Have you ever been sued? 18:16:59</p> <p>8 A. Not that I know of. 18:17:01</p> <p>9 Q. Have you ever been subject to any 18:17:03</p> <p>10 disciplinary proceedings in connection with being an 18:17:08</p> <p>11 attorney or otherwise? 18:17:11</p> <p>12 A. No. 18:17:12</p> <p>13 Q. Any criminal record? 18:17:12</p> <p>14 A. No. 18:17:13</p> <p>15 Q. Ever been arrested? 18:17:14</p> <p>16 A. No. 18:17:18</p> <p>17 Q. In preparing your report, did you rely 18:17:18</p> <p>18 in any way on the references in the documents to 18:17:49</p> <p>19 possible transshipments going through either King 18:17:55</p> <p>20 Par or Manatee? 18:17:59</p> <p>21 A. In preparing my reports, did I rely on 18:18:00</p> <p>22 documents that referred to King Par or Manatee Golf? 18:18:03</p> <p>23 If they were in the documents, I did. 18:18:07</p> <p>24 Q. And do you recall those names, King 18:18:09</p>	<p>1 MR. GLUCKOW: Correct. I'm sorry. 18:19:34</p> <p>2 BY MR. GLUCKOW: 18:19:34</p> <p>3 Q. The final report, 303, page 21, 18:19:36</p> <p>4 Paragraph 30. The first line of Paragraph 30 says, 18:19:37</p> <p>5 "At the time of its initial public offering, 18:19:40</p> <p>6 Callaway had disclosed." I am assuming the "its" is 18:19:44</p> <p>7 Adams, right? 18:19:44</p> <p>8 A. Yes. 18:19:44</p> <p>9 Q. Okay. At the time of Adam's public 18:19:45</p> <p>10 offering, Callaway had disclosed, and then you have 18:19:48</p> <p>11 a disclosure from a Callaway public offering, 18:19:52</p> <p>12 correct?</p> <p>13 MR. COLLINS: No.</p> <p>14 BY THE WITNESS:</p> <p>15 A. I'm sorry.</p> <p>16 BY MR. GLUCKOW:</p> <p>17 Q. The Callaway 10K? 18:19:52</p> <p>18 A. Yes. 18:19:53</p> <p>19 Q. Correct? 18:19:54</p> <p>20 A. Yes. 18:19:54</p> <p>21 Q. And then after the block quote, you 18:19:57</p> <p>22 say that, "This is notable, because in determining 18:20:00</p> <p>23 whether a given disclosure is necessary, it is 18:20:03</p> <p>24 common to consult the risk factors described by 18:20:18</p>

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<p>1 others in a given market segment when drafting 18:20:21</p> <p>2 disclosure documents, such as the company's 18:20:24</p> <p>3 prospectus." Do you see that? 18:20:27</p> <p>4 A. Yes. 18:20:28</p> <p>5 Q. What was or is the basis for your 18:20:29</p> <p>6 statement as to what is common in terms of drafting 18:20:33</p> <p>7 risk factors? 18:20:35</p> <p>8 A. My experience at Clifford Chance. 18:20:35</p> <p>9 Q. And what was that experience at 18:20:38</p> <p>10 Clifford Chance? 18:20:40</p> <p>11 MR. COLLINS: Asked and answered. 18:20:40</p> <p>12 BY THE WITNESS: 18:20:40</p> <p>13 A. We have talked about my experience at 18:20:41</p> <p>14 Clifford Chance. 18:20:41</p> <p>15 BY MR. GLUCKOW: 18:20:41</p> <p>16 Q. Oh, so it's what we talked about 18:20:44</p> <p>17 before when you were a summer associate in London 18:20:44</p> <p>18 working on the -- 18:20:46</p> <p>19 A. No. I also worked at Clifford Chance 18:20:46</p> <p>20 after that time. 18:20:48</p> <p>21 Q. And did you have any involvement in 18:20:49</p> <p>22 advising clients? I think we have already 18:20:51</p> <p>23 established, in fact, that you did not have any 18:20:54</p> <p>24 involvement in advising clients on what should or 18:20:56</p>	<p>1 MR. GLUCKOW: Read it back. 18:22:01</p> <p>2 (Record read.) 18:22:01</p> <p>3 BY THE WITNESS: 18:22:19</p> <p>4 A. I don't have actual knowledge, no. 18:22:19</p> <p>5 BY MR. GLUCKOW: 18:22:23</p> <p>6 Q. I am sure you agree that the mention 18:22:23</p> <p>7 of a risk in one company's disclosure, which may be 18:22:29</p> <p>8 true for that company, is in no way determinative of 18:22:35</p> <p>9 whether that same risk should go into another 18:22:38</p> <p>10 company's disclosure, correct? 18:22:41</p> <p>11 MR. COLLINS: Outside the scope. 18:22:43</p> <p>12 Go ahead. 18:22:44</p> <p>13 BY THE WITNESS: 18:22:44</p> <p>14 A. Not alone. Correct. 18:22:45</p> <p>15 BY MR. GLUCKOW: 18:22:45</p> <p>16 Q. Pardon me? 18:22:45</p> <p>17 A. Not alone. Correct. 18:22:45</p> <p>18 Q. Because every situation is different, 18:22:47</p> <p>19 correct? 18:22:50</p> <p>20 A. Correct. 18:22:50</p> <p>21 Q. And what is appropriate for one 18:22:50</p> <p>22 company may be inappropriate for another company, 18:22:53</p> <p>23 correct? 18:22:56</p> <p>24 MR. COLLINS: Outside the scope. 18:22:56</p>
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<p>1 should not go into risk factors when drafting SEC 18:20:59</p> <p>2 files, correct? 18:21:02</p> <p>3 A. I see a distinction between advising 18:21:02</p> <p>4 clients and observing others advising clients. 18:21:05</p> <p>5 Q. And you saw others advising clients? 18:21:08</p> <p>6 A. Yes. 18:21:10</p> <p>7 Q. And what did you see? 18:21:11</p> <p>8 A. What do you mean? 18:21:13</p> <p>9 Q. Well, do you consider yourself an 18:21:16</p> <p>10 expert on advising clients on what should or should 18:21:18</p> <p>11 not go in an SEC file? 18:21:22</p> <p>12 A. No. 18:21:24</p> <p>13 Q. Okay. And do you consider yourself an 18:21:24</p> <p>14 expert on what risk factors should or should not go 18:21:29</p> <p>15 in an SEC filing? 18:21:37</p> <p>16 A. No. 18:21:40</p> <p>17 Q. In fact, you have no knowledge one way 18:21:40</p> <p>18 or the other whether the company or the underwriters 18:21:47</p> <p>19 or the company's lawyers or the underwriter's 18:21:50</p> <p>20 lawyers or anyone else involved in drafting the 18:21:53</p> <p>21 prospectus actually looked at the Callaway 10K, 18:21:56</p> <p>22 isn't that true? 18:22:01</p> <p>23 MR. COLLINS: I need that question 18:22:01</p> <p>24 back, please. Say it again, please. 18:22:01</p>	<p>1 Go ahead. 18:22:58</p> <p>2 BY THE WITNESS: 18:22:58</p> <p>3 A. Now we are into an area that I don't 18:22:58</p> <p>4 feel comfortable commenting on. 18:23:00</p> <p>5 BY MR. GLUCKOW: 18:23:00</p> <p>6 Q. Okay. 18:23:04</p> <p>7 MR. COLLINS: Counsel, you have 18:23:04</p> <p>8 one minute. 18:23:05</p> <p>9 MR. GLUCKOW: I have nothing further. 18:23:09</p> <p>10 MR. COLLINS: I have one question. 18:23:12</p> <p>11 EXAMINATION 18:23:12</p> <p>12 BY MR. COLLINS: 18:23:12</p> <p>13 Q. Do you recall Exhibit 7 to the Grace 18:23:15</p> <p>14 report? 18:23:15</p> <p>15 A. Yes. 18:23:20</p> <p>16 Q. You can pull it out, but you don't 18:23:20</p> <p>17 need to. If you recall it? 18:23:20</p> <p>18 A. I recall it. If we can pull it out, 18:23:20</p> <p>19 though, so I can have it in my hands, that would be 18:23:20</p> <p>20 great. 18:23:20</p> <p>21 Q. Sure. Does this support your view 18:23:44</p> <p>22 that gray marketing was increasing and was a serious 18:23:46</p> <p>23 risk for the IPO? 18:23:51</p> <p>24 A. Yes. 18:23:55</p>

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<p style="text-align: right;">Page 330</p> <p>1 MR. COLLINS: No more questions, thank 18:23:56</p> <p>2 you. Gentlemen, thank you. 18:23:58</p> <p>3 MR. BESSETTE: Okay. Thank you. 18:23:59</p> <p>4 (FURTHER DEPONENT</p> <p>5 SAYETH NOT.)</p> <p>6</p> <p>7</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p>	<p style="text-align: right;">Page 332</p> <p>1 STATE OF ILLINOIS)</p> <p>2) SS:</p> <p>3 COUNTY OF COOK)</p> <p>4 I, KATHLEEN J. PACULT, a Certified</p> <p>5 Shorthand Reporter within and for the County of</p> <p>6 Cook, State of Illinois, do hereby certify:</p> <p>7 That previous to the</p> <p>8 commencement of the examination of the witness,</p> <p>9 the witness was duly sworn to testify the whole</p> <p>10 truth concerning the matters herein;</p> <p>11 That the foregoing deposition</p> <p>12 transcript was reported stenographically by me,</p> <p>13 was thereafter reduced to typewriting under my</p> <p>14 personal direction and constitutes a true record</p> <p>15 of the testimony given and the proceedings had;</p> <p>16 That the said deposition was</p> <p>17 taken before me at the time and place specified;</p> <p>18 That I am not a relative or</p> <p>19 employee or attorney or counsel, nor a relative</p> <p>20 or employee of such attorney or counsel for any</p> <p>21 of the parties hereto, nor interested directly</p> <p>22 or indirectly in the outcome of this action.</p> <p>23</p> <p>24</p>
<p style="text-align: right;">Page 331</p> <p>1</p> <p>2</p> <p>3</p> <p>4 I hereby certify that I have read the</p> <p>5 foregoing transcript of my deposition given on , at</p> <p>6 the time and place aforesaid, and I do again</p> <p>7 subscribe and make oath that the same is true,</p> <p>8 correct, and a complete transcript of my deposition</p> <p>9 so given as aforesaid, as it now appears.</p> <p>10</p> <p>11</p> <p>12</p> <p>13 <u>CHRISTIANA OCHOA - WITNESS</u></p> <p>14 <u>CORRECTION SHEET(S) ATTACHED</u></p> <p>15 SUBSCRIBED AND SWORN TO</p> <p>16 before me this ____ day</p> <p>17 of _____, A.D., 2006</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p>	<p style="text-align: right;">Page 333</p> <p>1 IN WITNESS WHEREOF, I do hereunto</p> <p>2 set my hand, this 16th day of August, 2006.</p> <p>3</p> <p>4</p> <p>5 <u>Kathleen J. Pacult</u></p> <p>6 <u>Certified Shorthand Reporter</u></p> <p>7 C.S.R. Certificate No. 84-004180.</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p>

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